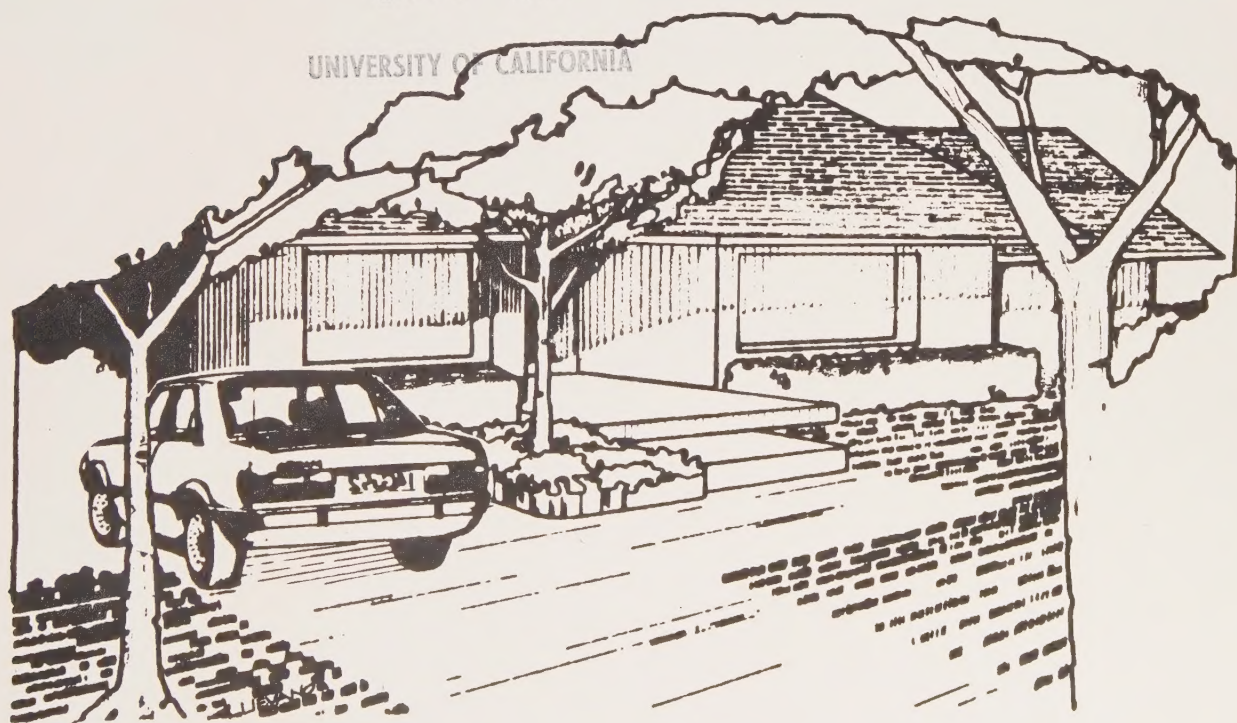


MERCED COUNTY HOUSING ELEMENT OF THE GENERAL PLAN 1985-90

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1985-90 HOUSING ELEMENT
of the
MERCED COUNTY GENERAL PLAN

Approved by the Planning Commission
by Resolution No. 3986

Mary Wickstrom 2/13/85
Mary Wickstrom, Chairman Date

Robert A. Peterson
Robert A. Peterson
Secretary

Adopted by the Board of Supervisors
by Resolution No. 85-125

Harvey Fonseca 5/6/85
Harvey Fonseca, Chairman Date

Kenneth C. Randol
Kenneth C. Randol
Ex-Officio Clerk of the Board

MERCED COUNTY PLANNING DEPARTMENT
MAY, 1985

1985-1990 HOUSING ELEMENT
of the
MERCED COUNTY GENERAL PLAN

ACKNOWLEDGEMENTS

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Planning Commission

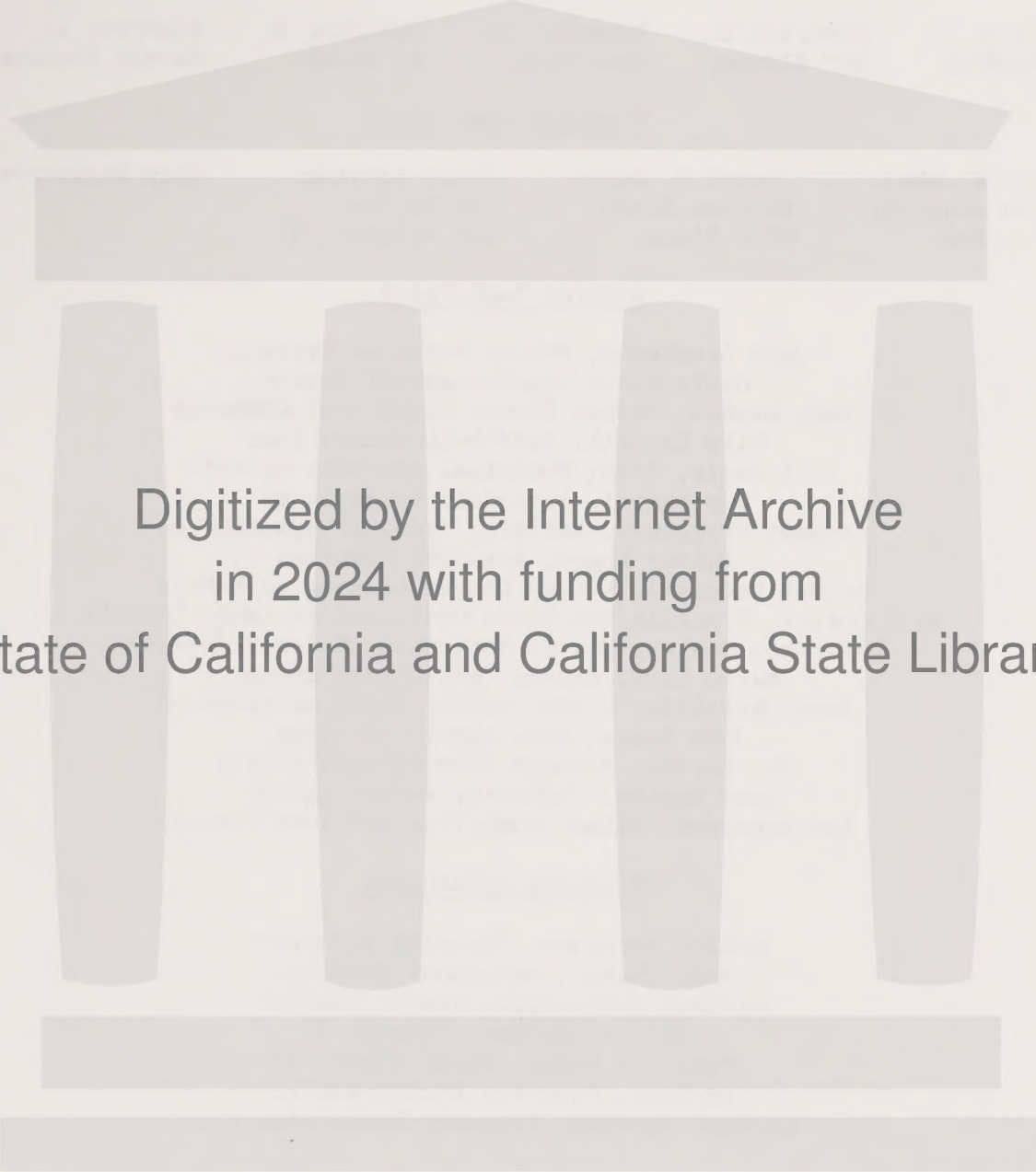
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HOUSING ELEMENT REVIEW WORKSHEET

Locality MERCED COUNTY Draft XXX Adopted _____ Submittal Date 11/21/84
 Michael Belluomini or
 Contact Person Bill Nicholson Phone 385-7654 Coastal Zone No
 Previous adopted element prepared to 1977 Guidelines XXX or Article 10.6 _____

Section numbers in parenthesis refer to the Government Code Article 10.6. Please provide the information referred to and the element page number(s) where it is located.

I. Housing Needs (65583(a))

- | | <u>Page</u> |
|--|----------------|
| A. Number of existing households and housing units <u>20,278/20,666</u> | <u>II-4</u> |
| B. Number of existing lower income households (80% of median income or below) overpaying for housing <u>2,443</u> | <u>II-1</u> |
| C. List pages where special housing needs groups (i.e., handicapped, elderly, large families, farmworkers, female-headed households, etc.) are discussed: | <u>II-4-11</u> |
| D. Number of overcrowded households <u>1,957</u> | <u>II-3</u> |
| E. Number of units needing rehabilitation <u>5,386</u> | <u>II-4</u> |
| F. Number of units needing replacement <u>68</u> | <u>II-4</u> |
| G. Five-year projected new construction needs, including the locality's share of the regional housing needs; specify time frame of projections (19 <u>84</u> - 19 <u>89</u>) and fill in table: | <u>III-6</u> |

Income Category	Five-Year New Construction Needs
Very low (0-50% of median income)	527
Other Lower (50-80%)	448
Moderate (80-120%)	509
Above Moderate	890
Total Units	2374

H. If the regional housing needs provided by the Council of Government or HCD has been revised, has the COG or HCD accepted the revision? N/A (65584(c)) _____. List page(s) where the revision is justified: _____.

I. Unless the employment and population trends are included in the regional housing needs figures provided by the COG or HCD, list the page(s) where these factors are analyzed.

III-1&2

II. Land Inventory (65583, 65583(a)(3))

Page

Summarize in the table below the information on sites suitable for residential development within the 5-year planning period of the element. List page(s) where this topic is discussed, including the discussion of availability of services and facilities:

V-1-4.1

zoning/permitted housing type	number of acres	density range (units/acre)	dwelling unit capacity
single family	6875	1-6.7	12,198
multiple-family and rental	130	13.4-21.8	1,966
manufactured housing	6875	1-6.7	12,198
residential redevelopment potential	10	6.7	68
currently non-residential	3064 (Within SUDPs)	0- 1 unit/20 ac.	Depends on density changed to
other: "Granny Housing"	See Pg. V-7	One home per R-1 lot	If 13% of pop. elderly used this - 760 units
Total	10,079	1-21.8	14,892

5,000 units in City RRCs (P.I-3)

(Same lots as in single-family)

From Table F (Pg. II-4)

III. Constraints on Housing (65583(4) and (5))

A. Governmental constraints: List page(s) where these are discussed:

1. Land use controls
2. Building codes and enforcement
3. On and off-site improvements
4. Fees and exactions
5. Processing and permit procedures
6. Other

V-6-7

V-5

V-4

V-4

V-4

V-1-7

B. Nongovernmental constraints

1. Availability of financing
2. Price of land
3. Cost of construction
4. Other

V-7-9

V-7-9

V-7-9

V-7-9

IV. Housing Programs (65583(c)). Summarize programs in the element:

Program Purpose	Program Action(s)	Time Frame	Page
Provide adequate sites (65583(c)(1):			
1. Insure total dwelling capacity equal to new construction need;	Continue to update Community Plans - No specific program necessary	Ongoing	V-4&4.1
2. Provide sites suitable for a variety of types of housing for all income levels, including rental housing and manufactured housing	Update existing Community Plans R-3 zone density study	Ongoing 1985-86	V-4.1 VI-27
Assist in the development of adequate housing to meet the needs of low and moderate income households (65583(c)(2)):			
1. Utilize appropriate federal and state financing and subsidies;	1. Action Plan Policies	Ongoing	VI-5-25
2. Provide regulatory concessions and incentives.	2. Various (Chap. VI, Sec.E)	Varies	VI-26-28 V-1-7
Address and, where appropriate and legally possible, remove governmental constraints (65583(c)(3)):			
1. Land use controls 2. Building codes 3. Site improvements 4. Fees and exactions 5. Processing and permit procedures	Various	Varies	V-1-7 VI-17-21, 26-28
Conserve and improve the condition of the existing affordable housing stock (65583(c)(4)).	Continue actions by: Department of Public Works, Community Action Agency & Self-Help Enterprises	Ongoing	VI-2-4, 12-17, 21-25
Promote equal housing opportunity (65583(c)(5)).	Continue operation of MCCHRB and follow Fed. & State laws	Ongoing	VI -23,24
Other:			

V. Quantified Objectives (65583(b)):

Page

List quantified objectives for the maximum number of housing units over a five-year time frame to be:

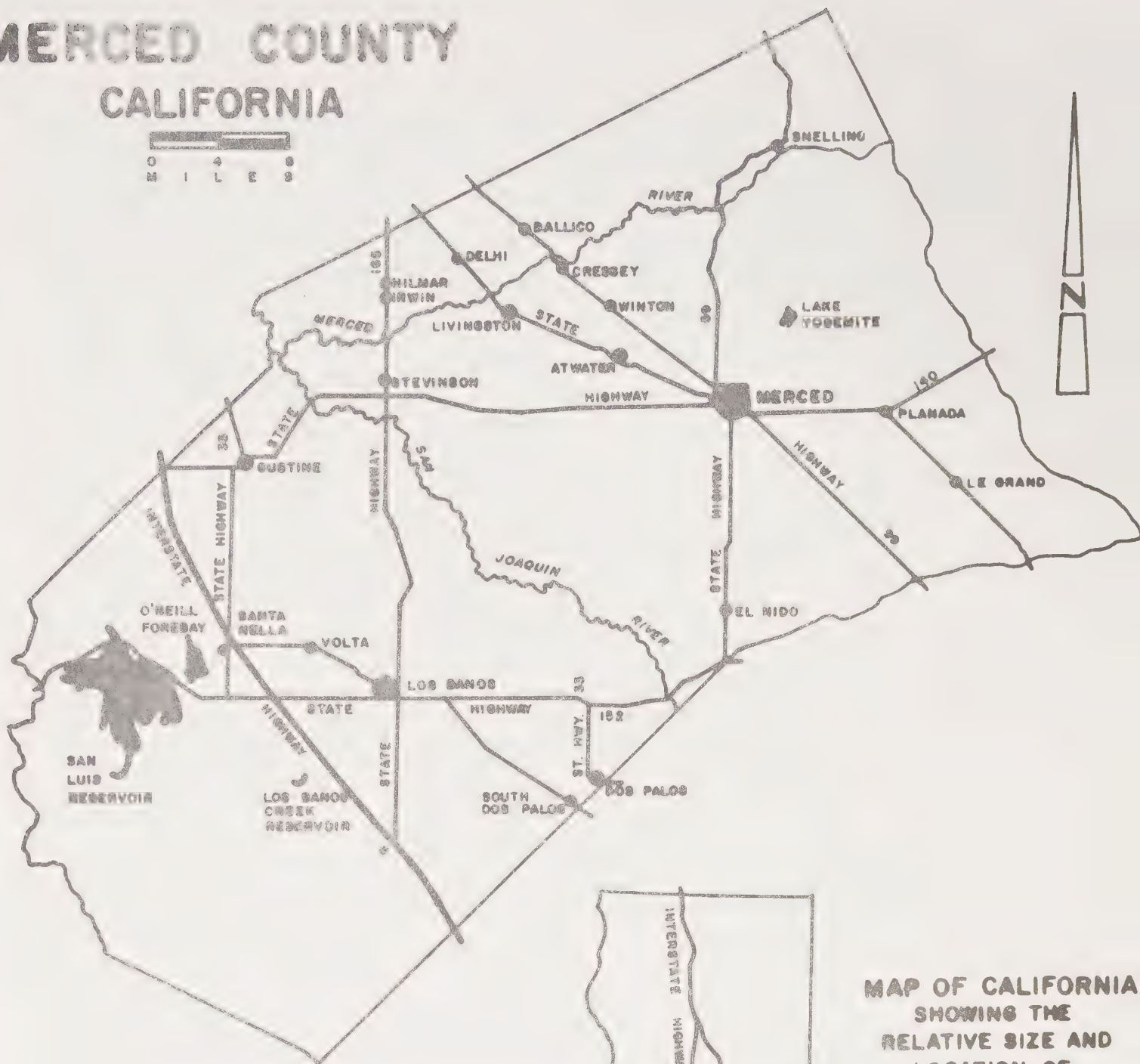
A. Constructed	1925-1950	VI-2-5
B. Rehabilitated	325	VI-2-5
C. Conserved	2450	VI-2-5

VI. Other Topics

A. List page(s) describing efforts to achieve public participation of all economic segments of the community in the development of the element (65583(c)):	I-1
B. List page(s) of analysis of opportunities for energy conservation in residential development (65583(a)(7)):	VII-1
C. List page(s) reflecting the evaluation and revision of the previous element according to the criteria of Section 65588(a) and (b):	I-3-5 V-6-7 VI-2,26
D. For Coastal Zone localities, list the following (65588(c) and (d)):	
1. The number of new units approved for construction in the coastal zone after January 1, 1982:	N/A
2. The number of new units for low and moderate income households to be provided in new developments within, or within three miles of, the coastal zone:	
3. The number of existing units occupied by low and moderate income households authorized to be demolished or converted within the coastal zone since January 1, 1982:	
4. The number of low and moderate income units replaced, and the locations of the replacement units:	
a. Onsite (in the coastal zone)	
b. Elsewhere in the coastal zone in the locality's jurisdiction:	
c. Within three miles of the coastal zone, within the locality's jurisdiction:	

MERCED COUNTY

CALIFORNIA



MAP OF CALIFORNIA
SHOWING THE
RELATIVE SIZE AND
LOCATION OF
MERCED COUNTY

I. PURPOSE AND CONTENT

The 1985-1990 Housing Element of the Merced County General Plan is the first revision of the Housing Element required by State Law to be completed every five years. This revision provides the opportunity to assess the effectiveness of the last Housing Element adopted in 1981 in attaining the state and local housing goals as well as use the most recent available data on which to base the County's housing policies and programs for the next five years. The two primary information sources utilized are the 1980 Federal Census, which was not fully available for the last element, and the Merced County Housing Needs Determinations report prepared by the Merced County Association of Governments (MCAG), containing regional projections and the fair share allocation of housing needs.

Following a statement of the State's housing goals and the relationship of this element with the County General Plan, this element will assess the effectiveness of the 1981-85 Housing Element, present the immediate and prospective housing needs of the county, discuss constraints to the satisfaction of these needs, and present a housing strategy and action plan to direct the County's housing activities.

The 1985-90 Housing Element is the product of efforts by county staff and members of the public. A Housing Task Force has been formed to work with staff to analyze the housing problems and develop strategies to improve the situation. Representatives from all relevant public agencies were included as well as private organizations including: the building industry, realtors, chambers of commerce, low income housing providers, the savings and loan industry, and members representing seven of the largest unincorporated communities.

Public hearings will be held before the Planning Commission and Board of Supervisors when they review the Housing Element in early-1985. Proper notice of these hearings will afford additional comment from county residents on the content of this element.

The State Housing Goal

The State Legislature, representing the people of California, and after careful research and consideration enacted into law in 1980 the following:

"The Legislature finds and declares as follows:

- A. The availability of housing is of vital statewide importance, and the early attainment of decent housing and a suitable living environment for every California family is a priority of the highest order.
- B. The early attainment of this goal requires the cooperative participation of government and the private sector in an effort to expand housing opportunities and accommodate the housing needs of Californians of all economic levels.
- C. The provision of housing affordable to low- and moderate-income households requires the cooperation of all levels of government.

- D. Local and state governments have a responsibility to use the powers vested in them to facilitate the improvement and development of housing to make adequate provision for the housing needs of all economic segments of the community.
- E. The Legislature recognizes that in carrying out this responsibility, each local government also has the responsibility to consider economic, environmental, and fiscal factors and community goals set forth in the general plan and to cooperate with other local governments and the state in addressing regional housing needs.

It is the intent of the Legislature in enacting this article:

- A. To assure that counties and cities recognize their responsibilities in contributing to the attainment of the state housing goal.
- B. To assure that counties and cities will prepare and implement housing elements which, along with federal and state programs, will move toward attainment of the state housing goal.
- C. To recognize that each locality is best capable of determining what efforts are required by it to contribute to the attainment of the state housing goal, provided such a determination is compatible with the state housing goal and regional housing needs.
- D. To ensure that each local government cooperates with other local governments in order to address regional housing needs.

The following document, the Housing Element of the Merced County General Plan, sets forth the county's understanding of the housing situation, plan for the improvement of that situation, and program to effectuate the plan in fulfillment of the County's part of the statewide goal to provide decent, suitable, and affordable housing for every Californian.

The General Plan

The Housing Element must be consistent with the other eight elements of the General Plan so that the Plan will be a coherent statement of county goals and policies regarding development. The Land Use Element, adopted in late 1978, establishes policies which bear upon the Housing Element, namely "...to recognize primary areas where intensive land use exists or is taking place and establishes an "Urban Centered Concept" utilizing established cities, unincorporated urban communities or centers to accomplish anticipated urban expansion in an orderly manner based on the ability to furnish public services along with land needs based on population demands." (Page 9) "Urban development should be allowed to occur only within adopted urban expansion areas of cities, unincorporated communities, or designated centers." (Page 10)

There are 19 unincorporated communities in the County. Six of these communities have less than 220 people each and no public sewer and water systems; instead they rely on wells and septic systems. (Ballico, Cressey, El Nido, Stevinson, Tuttle, Volta). In the Agricultural Element of the General Plan, these communities are identified for designation as Agricultural Services Centers (ASCs) where only limited agricultural support and

convenience commercial businesses would be permitted, and housing at a one unit per acre density (the minimum area necessary for individual septic systems). Two other communities depend on incorporated cities for their water and sewer service, and those cities will not extend increased service to these communities (Dos Palos "Y" and Celeste).

By contrast, the ten remaining unincorporated communities have public sewer service systems in operation and nine of these same communities have population of over 400 people each. The Land Use Element of the General Plan establishes goals of ensuring "that 1) growth occurs in an orderly and logical manner, 2) land is utilized efficiently, 3) agricultural operations are not eliminated prematurely, 4) the county's planning efforts are complimentary to those of the cities, and 5) urban development occurs where public services are available." (Page 10) In accordance with these goals, planning for housing will focus on the ten larger unincorporated communities with public sewer service, namely Franklin/Beachwood, Delhi, Hilmar, Le Grand, Midway, Planada, Santa Nella, Snelling, South Dos Palos, and Winton.

The other unincorporated areas in which housing may develop are the city fringe areas and Rural Residential Centers (RRCs). The RRCs are developments of one acre lots, single-family, detached housing with private septic systems and wells. The lot size generally raises the cost beyond the reach of low and moderate-income families, but serve the middle and upper-income housing market. The public infrastructure demands of RRCs are less than for other residential development. Ample land is designated in the County Plan for RRCs, over 5,000 acres.

The city fringe areas are appropriate locales for housing rehabilitation, but inappropriate as a focus for a county housing plan. The resolutions of agreement between the County Board of Supervisors and the city councils of the six cities in Merced County, specify that the cities will annex all land proposed for more intense development, if the property is contiguous to the city and sewer and water service are reasonably available. In all cases of subdivisions and rezoning in the city fringe areas, the County will refer applications to the city for annexation. Thus, the city fringe areas are waiting to be annexed eventually and will be served by the city. The unincorporated communities will remain county service areas for the foreseeable future and are, thus, the most appropriate focus of this Housing Element.

Effectiveness of the 1981 Housing Element

Part of the 1985-1990 Housing Element update consists of an assessment of how much progress has been made in meeting the State and community goals since adoption of the last Housing Element in 1981. The State Government Code Article 10.6 states three requirements that the revision of the Housing Element must contain:

1. Appropriateness of goals, objectives, and policies of the local Housing Element in meeting State housing goals,
2. Effectiveness of the element in meeting community goals and objectives, and
3. The county's progress in implementing the element.

Merced County's 1981-85 Housing Element contained goals, objectives, and policies that were consistent with and in support of the state goals (which are listed at the beginning of this chapter). The county's policy to concentrate development in established urbanized communities is a positive objective in that housing will be provided where services exist and improvement costs (to developers and the public) are lowest. These locations are also the most favorable for affordable multi-family developments. The objectives and policies mentioned in the Action Plan (Chapter VI) support the state goals in that they seek to improve - through cooperation with the private sector - the provision of new housing and the conservation and rehabilitation of existing housing, as well as providing the requisite infrastructure.

Since the adoption of the 1981 Element, building permit activity for new dwellings in the 10 main unincorporated communities has experienced a substantial increase, especially in multiple-family units. Table A reveals that 75 more building permits for conventional dwellings were issued in 1982 than in 1981, one half of which consisted of multi-family construction. There was a much greater increase of 190 building permits for conventional units in 1983 including 48 more multi-family units than in 1982.

TABLE A

NEW DWELLING UNIT PERMIT ACTIVITY - UNINCORPORATED COUNTY

<u>AREA</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>PROJECTED UNITS¹ NEEDED BETWEEN 1981-1985</u>
Delhi	1	2	40	75 ²
Franklin/ Beachwood	11	29	90	50 ²
Hilmar	17	10	51	92
Le Grand	0	3	5	19
Midway	0	0	0	29
Planada	0	4	6	60
Santa Nella ³	10	2	9	8
Snelling	0	0	1	7
So. Dos Palos	1	11	0	13
Winton	8	55	71	177
Subtotal	38 SFD; 11 MH	74 SFD; 8 MH, 8 DPLX; 1 TPLX; 20 APT.	177 SFD, 11 MH 2 DPLX; 1 TPLX; 34 APT; 46 CNDO.	530

Balance of Unin-

corporated Co. 91 SFD; 110 MH 51 SFD; 84 MH 77 SFD; 105 MH

NOTATIONS: SFD - Single Family Dwelling; MH - Mobile Home; DPLX - Duplex;
TPLX - Triplex; APT - Apartment; CNDO - Condominium

¹From the 1981-85 Housing Element, Table D

²Figure in 1981 Element was only for Beachwood.

³These units are all mobile homes which are replacement units in the existing mobile home park.

While the recovery from the housing recession was the primary factor in these increases, the Housing Element also played a part, especially in the reduction of government constraints and regulations. These improvements are outlined in Chapter V, but briefly include: reduction in application processing time and extending subdivision approval deadlines for construction; revising development standards for mobile homes and small lot development; insuring the availability of residential land through adoption of new community specific plans; and modification of density controls through adoption of a PUD zone and allowing "granny housing" for senior citizens.

To evaluate the success in implementing the 1981 Housing Element, a column has been added to Table A to show the projected housing need between 1981-1985 for the 10 main urban communities. Only in Franklin/Beachwood, Hilmar, and Winton is new housing development progressing satisfactorily.

A recent tentative subdivision approval in Planada would permit over 100 units, so this shortfall may be erased in the near future. Similarly, approval of approximately 150 units of Farmers Home Administration assisted housing in Le Grand has been granted and construction of the first 50 units is underway. Midway and South Dos Palos have limited sewer and water capacity and their low income populations restrict the construction of any non-assisted housing as will be discussed later in this element. Delhi has present water quality problems that have restricted new development, although efforts are underway to drill new wells to improve the quality. No new development has taken place in Santa Nella, permits have all been for replacement mobile homes. At present, however, a tentative map for a duplex project has been approved which could provide more than the eight unit need by 1985. While Snelling has only had one new building permit in the last three years, several mobile homes have been placed outside the community.

II. IMMEDIATE NEED FOR HOUSING

Affordability: Low Income Households Paying More than 25% of Gross Income for Housing

In 1980, over 32% of the households in unincorporated Merced County paid more than 25% of their gross income for housing. The census data illustrated in Tables B and C for unincorporated Merced County indicates that 38.6% or 1,812 renter households were spending more than 25% of their income on rent, and 27.8% or 1,942 owner households were overpaying for housing. The figure for renter-occupied units represents an increase of 1.7% over the number overpaying in 1970.

Among lower income households (households with up to 80% of the median 1979 income) the percent overpaying was much greater. Incomes of \$11,761 or below were lower income in 1979 (which, assuming equal distribution, is 35.2% of the households with incomes between \$10,000 and \$14,999). The total number of lower income rental households overpaying for rent was 1,543. $[88 + 660 + 288 + 414 + (.352 \times (187 + 78))]$ This represents 58.7% of all lower income renters. Using the same approach to lower income owner households in 1980, there were 900 lower income owner households overpaying on housing payments, or 42% of the total. $[86 + 292 + 181 + 236 + (.352 \times (147 + 151))]$. And the total amount of lower income households in the unincorporated county overpaying for rent and housing in 1980 was 2,443.

TABLE B

UNINCORPORATED COUNTY % OF INCOME SPENT FOR RENT 1980

RENT AS % OF INCOME	<u>\$0-4,999</u>	<u>5-9,999</u>	<u>10-14,999</u>	<u>15-19,999</u>	<u>20,000+</u>	TOTAL HOUSEHOLDS	%
0-19%	38	172	360	286	569	1,425	30.4
20-24%	6	188	248	202	19	663	14.1
25-34%	88	288	187	72	13	648	13.8
35%+	660	414	78	12	0	1,164	24.8
Not Computed	199	205	182	33	169	788	16.8
Total Households	991	1,267	1,055	605	770	4,688	
%	21.1	27.0	22.5	12.9	16.4		

SOURCE: 1980 Federal Census (excludes one-family houses on 10 acres or more).

TABLE C

UNINCORPORATED COUNTY
HOUSEHOLD INCOME BY SELECTED MONTHLY
HOUSING COSTS AS % OF INCOME

OWNER COSTS AS % OF INCOME	\$0-4,999	5-9,999	10-14,999	15-19,999	20,000+	TOTAL HOUSEHOLDS	%
0-19%	155	554	598	653	2,230	4,190	59.8
20-24%	83	158	92	193	297	823	11.7
25-34%	86	181	147	261	420	1,095	15.6
35%+	292	236	151	82	86	847	12.1
Not Computed	48	0	0	0	0	48	0.7
Total Households	664	1,129	988	1,189	3,033	7,003	
%	9.5	16.1	14.1	17.0	43.3		

SOURCE: 1980 Federal Census (excludes one-family houses on 10 acres or more).

Since 1978, the cost of homeownership has been so high that countywide median income households would have had to spend 48% or more of their income on housing payments. The 1980 census calculated the median value of the existing housing stock. Selected unincorporated communities where this information was available are presented in Table D. This table shows the median household income for these communities which was compared to the monthly payment. Monthly payment assumes a 10% downpayment and an interest rate of 13% which was common in 1980. This table reveals that Midway and South Dos Palos had the lowest percentage of income spent on housing. This more accurately reflects low housing quality and substandard units rather than true affordability.

TABLE D

MEDIAN HOUSING UNIT VALUE - 1980
(Selected Communities)

<u>COMMUNITY</u>	<u>MEDIAN VALUE</u>	<u>MEDIAN HOUSE- HOLD INCOME</u>	<u>MONTHLY PAYMENT*</u>	<u>% OF MEDIAN INCOME</u>
Delhi	\$44,100	\$14,063	490	42
Hilmar	\$56,400	\$16,536	623	45
Le Grand	\$34,000	\$10,938	381	42
Midway/ So. Dos Palos	\$24,100	\$9,230	275	36
Planada	\$30,900	\$12,197	348	34
Winton	\$45,000	\$13,311	501	45
Merced County	\$53,100	\$14,665	588	48

SOURCE: 1980 Federal Census

*MONTHLY PAYMENT assumes 10% of total sale price as down payment and the monthly amortization payment at 13% interest. Also included are taxes and fire insurance costs.

It is extremely difficult to project future trends in housing costs. Since 1980, interest rates rose extremely high, then declined to around 11-12%, and in early 1984, are rising again. In addition, the housing recession of the past few years resulted in very small increases in the cost of housing - very different from the annual 20-30% housing inflation rates of the late '70's. As this Housing Element will reveal, the affordability of housing is more of a problem for some groups than for others.

Overcrowding, I.E., Units with More than One Person per Room.

In 1980, 1,957 or 10.8% of all dwellings in unincorporated Merced County had more than one person per room. Overcrowding was more common in rental units (1,247 units) than in owner-occupied units (710 units). This information is displayed in Table E which is based on the 1980 Census data. A comparison can be made to the 1970 Census where 10.4% of all housing was overcrowded. This 0.4%, however, represents an increase of 970 units.

TABLE E

HOUSEHOLDS BY TENURE & PERSONS/ROOM UNINCORPORATED MERCED CO. 1980

<u>PERSONS/ ROOM</u>	<u>TOTAL OCCUPIED</u>	<u>OWNER OCCUPIED</u>	<u>RENTER OCCUPIED</u>
1 or less	16,123	10,673	5,450
1.01-1.50	1,142	473	669
1.51 or more	815	237	578
TOTALS	18,080	11,383 (63%)	6,697 (37%)

Suitability/Habitability, I.E., Households in Dwellings Needing Rehabilitation or Replacement

Of the unincorporated communities with public sewer and water, Planada, Le Grand, South Dos Palos, and Midway were the four with more than 40% of their housing substandard in 1978. Of these, the last three communities had over 100 substandard dwelling units while Planada had 277. In Midway, South Dos Palos, and Le Grand housing has a median age of over 25 years indicating perhaps that age itself will contribute to an increase of substandard units in these communities. These statistics were determined by the 1978 Merced County Housing Quality Survey, the most recent detailed survey on housing conditions. Table F illustrates more data from that 1978 survey, partially updated by 1980 Census information, for the ten unincorporated communities with public services and infrastructure. It also shows that 26.4% of the total housing for these ten communities was substandard in 1978, representing 1,224 units. For all unincorporated communities including the smaller ones, the total percentage substandard was 29.9% in 1978. While there were many more new units in 1980 than in 1978, it is not known how many older units became substandard to be able to update the 1978 total. From the experience of the County Health Department, in many areas, existing lower income housing becomes substandard faster than the combined rates of rehabilitation and replacement. More complete information for the entire unincorporated county is presented in Table G.

This shows that 26% of all housing units in the unincorporated communities were substandard (1,520 total), or if extrapolated to the total unincorporated county, 5,386 units.

TABLE F

HOUSING AVAILABILITY 1980

	UNITS	% VACANCY	STANDARD*	SUB- STANDARD*	UNITS NEEDING REPLACEMENT*	OWNED	RENT
Delhi	965	6.5	74%	26%	4.0	73%	27%
Franklin/ Beachwood	949	7.5	72%	28%	22.0	63%	37%
Hilmar	598	6.0	84%	16%	0.0	77%	23%
Le Grand	302	13.6 ²	59%	41%	1.0	38%	62%
Midway	168 ²	7.1 ²	34%	66%	4.0	49%	51%
Planada	664	6.0	56%	44%	14.0	61%	39%
Santa Nella ¹	163	0	100%	0	0.0	88%	12%
Snelling ¹	114	6.6 ²	64%	36%	0.0	75%	25%
So. Dos Palos	206 ¹	7.1 ²	45%	55%	15.0	49%	51%
Winton	1716	5.2	87%	13%	8.0	57%	43%
TOTAL	5845		74%	26%	68.0		

SOURCE: 1980 Federal Census (Except as indicated). Unincorporated County totals not available.

*Data from 1978 Housing Quality Survey

¹Data from 1978 Housing Quality Survey (adjusted for new building permits in '78-'79).

²Average from 1980 Census Enumeration District including North & South Dos Palos and Midway.

TABLE G

OVERALL HOUSING CONDITIONS

	Total Housing	Standard Occupied	Stand. Vacant	Total Stand.	Substand Occupied	Substand Vacant	Total Substand	Total Occupied
Owner	12,813	9,447	70	9,517	3,174	122	3,296	12,621
Renter	7,853	5,712	51	5,763	1,945	145	2,090	7,657
Total	20,666	15,159	121	15,270	5,119	267	5,386	20,278

SOURCE: Merced Housing Assistance Plan application to the Dept. of Housing and Urban Development, 1981

Special Needs: Large Families, Minority Households, and the Handicapped

The 1980 Census revealed that there were 3,540 large family households in the unincorporated county area in 1980. Large families contain 5 or more persons per household. Of this total, there were 1,498 large renter households and

2,042 large owner households. In order to determine housing needs of this group, the following methodology was applied. From Table G, we find that 25.1% of the total unincorporated county owner occupied units were substandard. Applying these averages to large family households results in the following:

2,042 large family owner occupied households
 $\times 25.1\% = 513$ Large family owner households in substandard units.

1,498 large family rental households
 $\times 25.4\% = 380$ Large family rental households in substandard units.

Table H does not specifically address large families of five or more persons, but household size implies which unincorporated communities have the most large families. The table indicates that Planada, Le Grand, Midway, and South Dos Palos have the largest household size. The average household size for the entire unincorporated county in 1980 was 3.24 - this compares to the 1975 average of 3.26.

TABLE H 1980 POPULATION, AGE, HOUSEHOLD SIZE,
 % MINORITY AND % ELDERLY

	POPULATION	YEAR-ROUND HOUSEHOLDS	AVERAGE HOUSEHOLD SIZE	POPULATION PER ROOM	% MINORITY	% ELDERLY (60+ YRS)	MEDIAN AGE OF POP.
Delhi	2,832	902	3.11	.62	28.8	15.5	27.9
Franklin/ Beachwood	2,575	869	2.96	.72 ^A	43.0	11.8	25.6
Hilmar	1,706	562	3.04	.50	10.7	14.8	29.1
Le Grand	913	261 ^B	3.50 ^A	.66 ^A	66.0	9.3	28.1
Midway	594	166	3.58 ^A	.78 ^A	81.3	15.0	24.2
Planada	2,406	624	3.86	.78	81.3	12.1	23.1
Santa Nella ^A	403	163	2.47	.65 ^A	4.2 ^A	37.2 ^A	51.4 ^A
Snelling ^D	312	99	3.15	.57 ^A	3.4 ^A	27.2 ^A	37.9 ^A
South Dos Palos ^C	650	203 ^B	3.20 ^A	.80 ^A	81.3	15.0	24.2
Winton	4,995	1,625	3.07	.61	34.5	9.4	25.6
Total Unin- corporated	58,599	18,080	3.24	.58	31.6	12.7	26.7 ^E

^A All data from the 1978 Housing Quality Survey by the Merced County Planning Department (Household size for Midway and South Dos Palos has been adjusted to correct for error.)

^B Households from the 1978 Housing Quality Survey added to the building permits issued in 1978 and 1979. Corrected for the 1980 Census 1.2% available vacancy rate.

^C From 1980 Census Enumeration District which includes North and South Dos Palos and Midway.

^D Excludes Rural Residential Centers, and households determined using 6.6% vacancy rate applied to 1978 data.

^E This figure is the median for the entire county; data for total unincorporated area not available. City medians range from 22 years in Livingston to 36.4 years in Gustine.

The three communities of Planada, Midway, and South Dos Palos consist of populations that are 81.3% minority group. They also exhibit the highest "persons per room" figures of over .77, which may correlate with overcrowding. Le Grand also has a large minority population (66%) but a somewhat lower average persons per room (.66).

Housing needs of low and moderate income households that are identified as large-family or elderly were determined for 1980. The percentage of inadequately housed elderly, small-family, and large-family households determined by HUD statistics from the 1970 Census were assumed to remain the same and applied to 1980 Census figures for population and households. Inadequately housed includes units that are substandard, overcrowded, or that require an excessive portion of the household income. Table I illustrates a total of 4,000 inadequately sheltered households, over 75% of which are renter-occupied.

TABLE I

LOW INCOME HOUSING ASSISTANCE NEEDS

	Elderly	Small Family*	Large Family	Total
Owner	200	250	400	850
Percentage	23.5	29.5	47.0	100
Renter	550	1700	900	3150
Percentage	17.5	54	28.5	100
Total	750	1950	1300	4000

*Households of one to four persons

The 1980 California Statistical Abstract lists the number of aged, blind, and disabled residents requiring income assistance. There were 5,458 recipients of Supplemental Security Income (SSI) and State Supplementary Program (SSP) funds in Merced County as of February, 1980:

<u>Total Recipients</u>	<u>Aged</u>	<u>Blind</u>	<u>Disabled</u>
5,458	2,485	119	2,854

The following percentages of total Merced County population were represented by these groups: aged 1.8%, blind .08%, and disabled 2.1%. Unincorporated county population in 1980 was 58,599. Applying the same percentages to each group needing assistance results in the following number of recipients in unincorporated areas:

<u>Total</u>	<u>Aged</u>	<u>Blind</u>	<u>Disabled</u>
2,333	1,055	47	1,231

While no breakdown as to household composition was available for these recipients, the maximum distribution would be 2,333 households with no more than one aged, blind, or disabled resident requiring assistance.

Single Female Parent Households

There were 771 households in 1980 with an unmarried female raising children. Of this total, 398 had incomes below the poverty level. A special need identified by these figures is that single female headed households represent 4.3% of all unincorporated county households, but account for 21.2% of households below the poverty level.

Elderly

The housing needs of the elderly are somewhat unique. People aged 60 and older in 1980 comprised 12.7% of the unincorporated county population--accounting for 7,427 people. Although 77% of elderly households in the unincorporated county are owner occupants, Table I reveals a much greater need for housing assistance among elderly renters. The situation is so severe that 550 out of 734 elderly renter households (75%) are in need of housing assistance. This reflects the fact that most elderly renters have low incomes.

Chapter VI will discuss the Housing Strategy and Action Plan and include a list of federal and state programs that are available to elderly and low income households.

Because most elderly are homeowners of older units that are owned out right or which have low monthly payments due to long-term ownership of the same unit, the main need of owner occupants is for rehabilitation and maintenance rather than income assistance. The Farmers Home Administration (FmHA 504) program provides funds to make homes safer, more sanitary, and to remove health hazards. The State Department of Housing and Community Development (HCD) offers several programs including: the Special User Housing Rehabilitation Program for elderly and handicapped homeowners, the Deferred Payment Rehabilitation Loan Program (also available to low income rental property), and the Senior Citizen Shared Housing Program (SCSH) which assists in formation of shared living arrangements for seniors to reduce expenses and provide companionship.

A much greater need for housing assistance exists for the 23% of elderly households who are renters. Similar to the States SCSH program for shared housing, the FmHA 515 Rental Housing Program provides funds to assist in shared housing formation for renters. HUD Section 202 makes direct loans to finance rental or co-op housing for elderly persons. Another program available for new construction is the HCD Rural and Urban Predevelopment Loan Fund for site acquisition and design of senior and low income housing. Many other state and federal programs are available to low income persons which could be used by elderly people who qualify.

The County of Merced also assists elderly housing needs. The Area Agency on Aging coordinates and administers programs for seniors for housing and other needs, and the new granny housing ordinance allowing second units for seniors on R-1 zoned lots provides a new source of rental housing opportunity.

Farmworker Housing

Another group with special housing needs are farmworkers. The State Department of Employment Development (EDD) annually estimates the total agricultural employment in 42 of the State's counties. Merced County is one of the 42, reflecting in part the historical predominance of agriculture as an industry in the county. EDD estimates there were approximately 11,640 workers employed in agriculture in the county in 1982.

There are two main classifications which EDD uses to estimate employment levels. Farmers and unpaid family workers are those who own farms which accounts for 4,970 workers of the 1982 total. The second classification includes regular and seasonal hired domestic workers accounting for 6,670 workers in 1982. Seasonal workers can be separated into three distinct populations:

- 1) regular or year-round farmworkers that work more than 150 days a year for the same employer accounting for 30% of all hired domestic workers;
- 2) seasonal workers who are generally local residents dependent on agriculture for employment but do not rely on a consistent employer; and
- 3) migrant seasonal workers that travel more than 50 miles across county lines for work.

The housing needs of these hired domestic workers is very critical although complete data is unavailable. Regular and seasonal farmworkers do not normally receive enough income to obtain homeownership or even standard rental housing. Migrant seasonal workers have more severe housing needs because of constant travel and low income. These workers usually reside in overcrowded substandard units or even makeshift housing. The total number of migrant workers is not known although during the summer harvest season (May to October) the population of communities like Planada and Le Grand can almost double.

The Merced County Association of Governments (MCAG) calculated the projected housing needs for the increase of hired domestic workers by 1990. Estimates were based on the projected employment increase from EDD data and the distribution of employment from the 1980 Census in the category, "farming, forestry, and fishing." For the unincorporated portion of the county, MCAG projects a need for 134 units by 1990 for regular hired domestic workers, and 115 new units for seasonal workers. Table J displays the regional breakdown of this need completed by the planning staff using the same methodology as MCAG used. By far, the greatest need for new units is in the rural unincorporated areas - 208 units.

TABLE J

DISTRIBUTION OF FARMWORKER HOUSING NEED - 1990

<u>COMMUNITY</u>	<u># PEOPLE EMPLOYED IN FARMING, FORESTRY & FISHING</u>	<u>% OF UNINCOR. COUNTY TOTAL</u>	<u>HOUSING NEED BY 1990</u>
Delhi	98	1.7	4
Franklin/ Beachwood	60	1.0	3
Hilmar	95	1.7	4
Le Grand	128	2.2	5
Midway	47	0.8	2
Planada	247	4.3	11
Santa Nella	20	0.3	1
Snelling	17	0.3	1
So. Dos Palos	47	0.8	2
Winton	<u>193</u>	<u>3.4</u>	<u>8</u>
Remainder Unincorporated	<u>4,742</u>	<u>83.5</u>	<u>208</u>
TOTAL UNINCORPORATED	5,694	100.0	134 + 115= 249

SOURCE: 1980 Census and MCAG 1990 projection of Farmworker Housing Need.

It is assumed that the housing need identified in Table J will be included within the lower income need shown by community in the next chapter (Table O).

The main flaw with these figures is that the 1980 Census does not begin to approach an accurate count of harvest season population. The Federal Census is conducted in April, two months before the population starts to swell. Employment data collected by EDD for 1980 showed that agricultural employment increased from 8,100 in April to 11,300 in May and 12,125 in June, with a peak in August of 15,875 workers. From the experience of those involved in farmworker housing, such as Self-Help Enterprises, the summer increase is concentrated in the unincorporated communities not the rural farmlands.

The totals in Table J reflect the housing needed to accommodate the projected increase in farmworker households by 1990. It does not include the much greater need for housing by current farmworker families. Accurate figures on this need are not available, but similar to the case of low-income households, the housing needs of farmworkers far exceed governments' ability to provide assistance.

There are three programs available in Merced County specifically directed to farmworker housing. The FmHA 514-516 Program provides assistance to public or private non-profit organizations (like Self-Help Enterprises) to develop farm labor housing. The State HCD Farmworker Housing Grant Fund provides matching funds to the same organizations for new construction or rehabilitation of housing. And the State Office of Migrant Services operates two migrant farmworker housing centers in the county.

The farmworker housing shortage has been compounded by the large influx of Southeast Asian Refugees in recent years. The following section details how this group competes for housing with seasonal farmworkers.

Refugees

Since 1980, Merced County has experienced a rapid increase of Southeast Asian Refugees. In January, 1979, there was an estimated refugee population of 98, but by February, 1983, this population had grown to around 6,000. The most recent available data shows that 5,200 to 5,400 refugees were receiving aid in early 1984, with over 7,500 refugees in the total population. A vast majority of these are secondary migrants who first settled in another county or state.

An understanding of how the refugee population is distributed within the county is useful when considering their housing needs. In October, 1982, the Merced Forum on Refugee Affairs completed a study on where refugee populations were concentrated. While the total refugee count of this study has been challenged as inflated, the finding that close to 90% of all refugees lived in the cities of Merced and Atwater has been accepted.

Refugee families typically find housing in overcrowded, substandard units. Because of a shortage of money as well as language and cultural differences, they suffer very poor housing quality with little complaint. Landlords, in turn, are discouraged from rehabilitating their units because of the high demand for inexpensive housing of any quality.

This could be having an impact on housing in the unincorporated county. Much of the housing occupied by refugees was previously available to seasonal and migrant farmworkers. The refugee influx may have forced these farmworkers to look for housing outside the cities which has increased the competition for housing in the unincorporated communities. Field observations indicate that the consequence of these trends is overcrowding and increased use of substandard units and even non-housing alternatives in the cities and unincorporated county.

There are no programs specifically directed to refugee housing assistance in the county. Present forms of assistance include Aid to Families with Dependent Children, General Relief, Food Stamps, and Medi-Cal. Although resources are limited, efforts are underway to provide employment training and language programs to help the refugees become self-sufficient. A detailed evaluation of refugee housing conditions and needs should be completed in order to develop appropriate strategies. The 1985 Special Census will be a useful first step in attempting to obtain a more accurate count of the refugee population in and around the City of Merced.

Existing Need for Housing

This chapter has presented data on the present status of housing in the county including housing quality, quantity, affordability, household composition and tenure, and the needs of special housing groups. Before going on to project future housing needs, an overall analysis of the housing deficiency in 1980 should be presented.

The MCAG calculated the existing 1980 housing need for the six cities and the unincorporated portion of the county. As stated in MCAG's Merced County Housing Needs Determinations report, the "existing housing need" is:

The additional number of units derived from the "optimal vacancy rate" in excess of the number available in 1980. If the 1980 available stock had been increased by the number of units calculated as the "existing need", there would theoretically have been enough housing to have kept the market in a better balance between demand and supply. That is, the prices and rents would have increased more in line with household incomes. Moreover, those seeking housing in the area would have theoretically had a similar range of choices in terms of the number and price range of units available in 1980 as in 1970. (page 10)

Using this analysis, MCAG determined that the unincorporated county had a housing need of 74 units in 1980 and the total need of the six cities was 157 units.

To estimate the distribution of this need in the unincorporated portion of the county, planning staff used a similar approach to that used by MCAG. The existing housing need for each of the 10 major unincorporated communities was estimated by calculating the number of additional units that would be required in order to raise the available vacancy rate to the 4.5% goal. (See Table K) Where the vacancy rate was 4.5% or above, no shortage was calculated. This methodology only considers the optimal level of units to have kept the housing market in a better supply-demand balance. Not included in the housing need figures are occupied units that were in substandard condition. Those units are listed separately above in Table F.

The communities of Hilmar, Winton, and Planada had the greatest housing need in 1980. The nonurban county balance of 11 units needed reflects the methodology employed to determine shortage in urban areas, as well as the difficulty in obtaining data for the rural unincorporated portion of the county. While no accurate data is available, the Housing Task Force feels that the vacancy rate for low income units is much lower, probably around 1 to 1½%. Most vacancies are in the more expensive units.

TABLE K

EXISTING HOUSING NEED - 1980
(Based on optimal vacancy rate of 4.5% applied
to MCAG determined figure)

<u>AREA</u>	<u>AVAILABLE 1980 VACANCY RATE^A</u>	<u>1980 HOUSEHOLDS</u>	<u>1980 EXISTING NEED^B</u>
Delhi	.048	902	0
Franklin/ Beachwood	.048	940	0
Hilmar	.007	562	21
Le Grand	.066	261 ^D	0
Midway	.012 ^C	146 ^D	5
Planada	.029 ^D	624 ^D	10
Santa Nella	.000 ^D	163 ^D	7
Snelling	.066 ^D	114 ^D	0
So. Dos Palos	.012 ^C	202 ^D	7
Winton	.037	<u>1,625</u>	<u>13</u>
Subtotal		5,539	63
Balance of County		<u>12,541</u>	<u>11^E</u>
TOTAL UNINCORPORATED		18,080	74

^A Available vacancy rate represents vacant units for rent or sale, excludes "vacant other" and "held for occasional use" census categories.

^B Existing need is determined to be the amount of housing units needed to raise the vacancy rate up to the "optimum level" as specified by MCAG for the countywide goal of 4.5%. Formula: (1980 Households x vacancy rate shortfall from 4.5%) = need.

^C Based on Census data for area including North and South Dos Palos and Midway.

^D Figures are from the 1981-85 Housing Element.

^E This figure represents the balance of units remaining from the MCAG total of 74 units allocated to the unincorporated county area.

III. PROSPECTIVE NEED FOR HOUSING

According to State planning law, councils of governments are instructed to determine the existing and projected housing needs for their region. Local governments are to use these figures when updating their Housing Elements. Existing and projected needs are to be based on many factors prescribed in the Government Code, Article 10.6, Section 65584. Factors for consideration include the "market demand for housing, employment opportunities, the availability of suitable sites and public facilities, commuting patterns, type and tenure of housing need, and the housing needs of farmworkers."

Utilizing the above information, MCAG projected the increase in households by 1990. Projections were completed for each incorporated city and the total county. These projections were then combined with the 1980 existing housing need figures resulting in projected regional housing need figures. The projected housing need for Merced County by 1990 is 13,959 units over those available in 1980. The unincorporated county's projected need is 3,240 units. For comparative purposes, the projection for Merced City's housing need is 6,412 units, while the projection for the City of Dos Palos is only 152 units.

Employment Opportunities

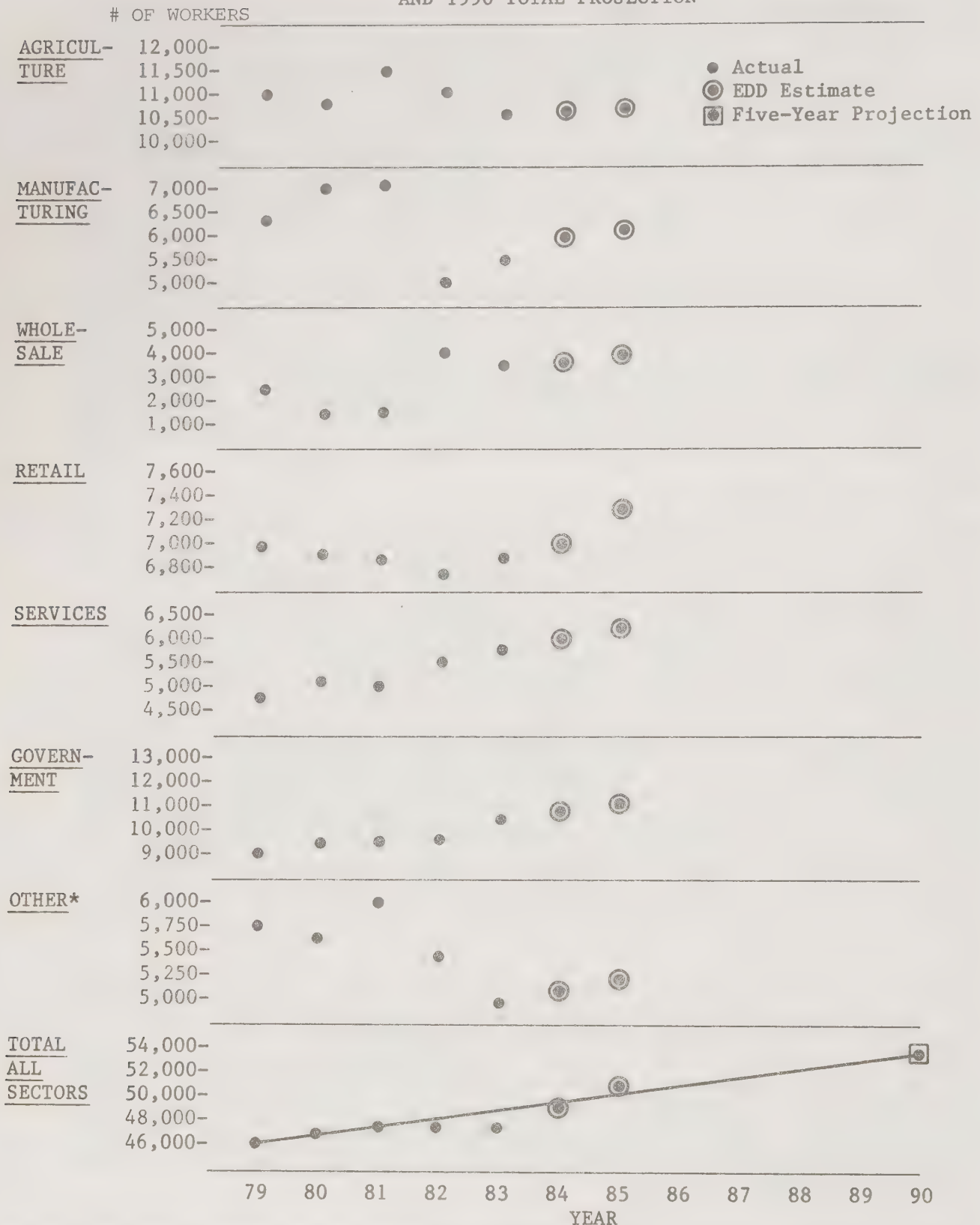
While most of the factors considered in estimating housing needs are presented elsewhere in this Element or in MCAG's Housing Needs report, an assessment of employment trends should also be included. Three major aspects of Merced County employment are highlighted here: employment levels by industry, the unemployment rate, and the role Castle Air Force Base plays in local employment. The data suggests there will be a steady increase in employment over the next five years which will help meet the needs of the growing population.

In 1983, total civilian employment stood at 47,575 workers, up 300 from 1982. The largest employment sector continues to be agriculture although the State Employment Development Department (EDD) projects that government employment will surpass agriculture in 1984. Figure 1 shows employment levels by industry from 1979 to 1983 and the two year forecast by EDD for 1984-85. While no long-term forecasts were available, the County Planning Department used a straight line projection based on the past five years and the EDD two-year forecast to project a 1990 employment level of 53,350 workers. This reflects a steady annual increase of 710 workers.

The unemployment rate registered annual increases between 1979 and 1983 during the recession. In 1984, the rate has declined as people returned to work. Projections by the EDD foresee a reduction of unemployment in 1984 to a 13% average and in 1985, to 12.1%. For the five-year period of this Element, the County Planning Department has applied the average for the seven-year, 1979-84 period (including the two-year EDD forecast) as the projection for 1990: a 12.5% annual rate. (See Figure 2.) The actual rate will fluctuate, but the 12.5% projection represents the middle ground barring any major economic swing in the next five years.

Figure 1:

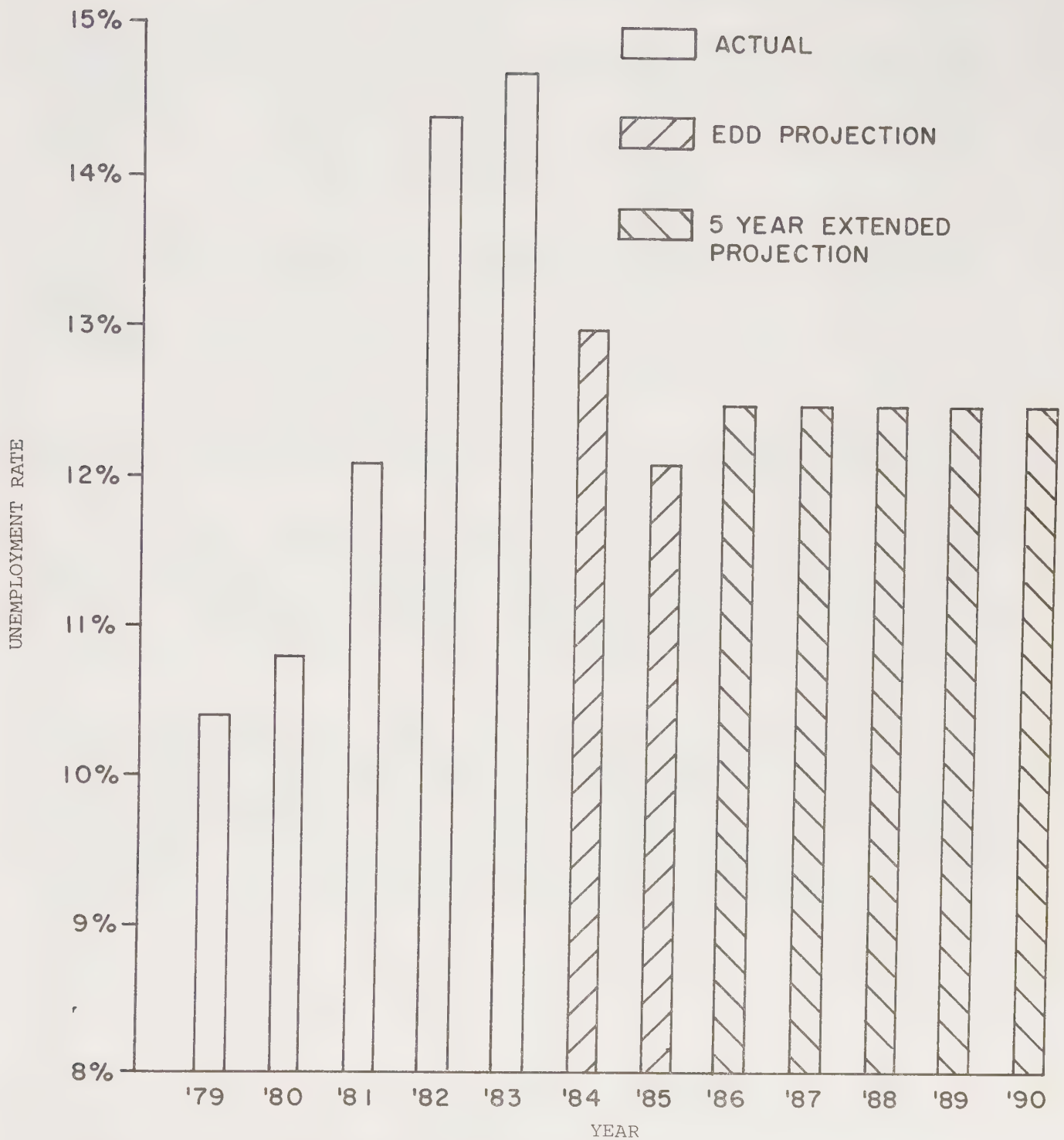
MERCED COUNTY
WAGE AND SALARY EMPLOYMENT
1979-83 AVERAGES; 1984-85 FORECAST;
AND 1990 TOTAL PROJECTION



*Other Includes: Construction, mining, transportation, utilities, finance, insurance, and real estate.

FIGURE 2:

UNEMPLOYMENT TRENDS



Above figures based on civilian employment only.

Source: State Employment Development Department (EDD)

Castle Air Force Base is the single largest employer in the county with 5,681 personnel in 1983. While there is no way to predict what actions the Defense Department will take in regard to Base personnel levels, employment can be expected to continue in the range between 5,500 and 6,000 people as in the past five years.

Methodology for Unincorporated County Areas

Several individual steps were taken to determine the distribution of this housing need among the unincorporated communities. The projected increase in housing need by community had to be calculated first. This was accomplished by determining each communities share of the total increase in population between 1970 and 1980 in the unincorporated county. Then, each communities percentage share of the county's growth was applied to MCAG's housing need projection figure of 3,166. The results are presented in Table L.

The two communities with the highest projected need by 1990 are Winton and Delhi with 728 and 339 units respectively. These communities account for 33.7% of the total projected increase in the unincorporated county. Hilmar and Franklin/Beachwood also show large increases of over 300 units. The rural portion of the county accounts for 26% of the projected increase - 823 units. A large share of the growth in the rural areas is in mobile homes for farm labor housing. Also, much of the single family development in the unincorporated rural areas are actually in the Merced and Atwater Rural Residential Centers (RRCs). These essentially above moderate income developments are on one acre lots that sell for \$30,000 and higher and serve as housing for people employed in the cities.

It should be recognized that these distributions are based on past growth trends which were highly dependent upon infrastructure availability. Chapter V will go into more detail on the constraints to development resulting from inadequate sewer and water supplies. Where these supplies are limited, some of the projected growth displayed in Table L will take place in other communities, cities, or even outside the county as has been the case in the past when infrastructure was not available.

The final step in determining the projected 1990 housing need was to add the figure for existing housing need in 1980 (presented in the last chapter) to the projected need by 1990. Table M displays the distribution of the projected MCAG total housing need of 3,240 units by urban community, adjusted for building permits issued from 1980-83. Efforts to distinguish which units constructed were occupied by the various income levels were not successful. Only the figures in Table T (Chapter VI) which displays assisted housing constructed for low income families are clearly occupied by a specific income group.

TABLE L

PROJECTED HOUSING NEED BASED ON
POPULATION GROWTH 1980-1990

	<u>1970</u> <u>POPULATION</u>	<u>1980</u> <u>POPULATION</u>	<u>% OF TOTAL</u> <u>UNINCORPORATED</u> <u>COUNTY GROWTH</u>	<u>NEED FOR HOUSING</u> <u>BETWEEN 1980-90</u> <u>BY COMMUNITY</u>
Delhi	2,063	2,832	10.7	339 ^A
Franklin/ Beachwood	2,079	2,575	10.2	323 ^A
Hilmar	1,110	1,706	9.8 ^B	310
Le Grand	1,026	904	1.5 ^B	48
Midway	430	699	4.4	139
Planada	2,056	2,406	5.8	184
Santa Nella	182	488	5.0	158
Snelling	218	314	1.6	51
So. Dos Palos	642	765	2.0 ^C	63
Winton	3,393	4,995	23.0 ^C	728
Community Total	13,199	17,684	74.0	2,343
Balance of Unincorporated County*	40,055	40,915	26.0	823

*The total 1980 population displayed for the Balance of County was adjusted to reflect county population lost due to city annexations. The 1970-80 Census increase of 860 people shown in the table was combined with growth in population due to development in Rural Residential Centers (RRCs) representing 710 people. This figure was then combined with the 4,485 person increase in the 10 communities. RRC growth was calculated in the following manner: average of 22 building permits issued per year in Merced and Atwater RRCs, multiplied by 3.24 people per unit county average results in 71 people per year for 10 years. Total unincorporated county growth for 6,055 was then divided into each communities share to get percentage figures.

^A Delhi's actual population increase represented 12.7% of the unincorporated total, however, building activity since 1980 has been slow (46 units of which 34 are in one apartment complex) and the construction of 60 units per year by 1990 necessary to reach a 12.7% projection is not realistic. At the same time, Franklin/Beachwood has been growing at a faster rate than in the '70's. Building permits issued since 1979 have averaged 42 per year. In an effort to more accurately project the housing need in these two communities, 2% of Delhi's growth projection has been allocated to Franklin/Beachwood.

^B The population change in Le Grand between 1970-80 reflected a net decline in residents - a trend that staff does not expect to continue. For future projections, a growth share representing 1.5% has been used which reflects more recent building permit activity.

^C Winton's large share of the unincorporated county population growth is expected to continue into the future, though at a somewhat lesser rate. Winton accounted for 26.5% of the unincorporated population growth between 1970-80, but staff has adjusted this figure down to 23% - with the 3.5% difference allocated to Le Grand.

TABLE M

PROJECTED HOUSING NEED BY 1990

	<u>PROJECTED HOUSING NEED</u>	<u>UNITS APPROVED 1980-83</u>	<u>UNITS NEEDED 1984-89</u>
Delhi	339	46	293
Franklin/Beachwood	323	167	156
Hilmar	331	87	244
Le Grand	48	9	39
Midway	144	5	139
Planada	194	12	182
Santa Nella	165	0	165
Snelling	51	1	50
So. Dos Palos	70	17	53
Winton	741	153	588
Balance of County	<u>834</u>	<u>369*</u>	<u>465</u>
TOTAL UNINCORPORATED COUNTY	3,240	866	2,374

*For balance of county, only $\frac{1}{2}$ of the building permits for mobile homes are included to account for replacement units.

The greatest need for housing will be in the communities of Winton (588 units), Delhi (293 units), and Hilmar (244 units). Among the communities with the most crowding and highest minority populations, Planada has the largest projected housing need of 182 units, while Le Grand and South Dos Palos are both below a 55 projected unit need.

As was mentioned above, the rural unincorporated county growth is largely in mobile homes for farmworkers and in RRCs for higher income developments. The 465 unit need reflects the County's general plan policy to direct growth to urban communities.

Fair Share Housing Needs Distribution

Local governments, in making determinations of housing needs, are required to consider the need for housing at all income levels. The Government Code also requires that the distribution of regional housing needs "seek to avoid further impaction of localities with relatively high proportions of lower income households." State law does not define impaction. It does not prescribe numerical terms under which a community is considered to have a relatively high number of lower income households.

The most widely used definitions of income groupings of population are those used by the U.S. Department of Housing and Urban Development to determine eligibility for Federal housing assistance. Section 6932 of Title 25 of the California Administrative Code sets forth the income limits used by the State Department of Housing and Community Development, which are in large part based on the HUD income limits. Usually, this limit is determined for a four-person household.

Applied to Merced County, a household of very low income is one with an income of up to 50% of the median income for the county. A household of low income is one with an income of 51-80% of the median county income. A moderate income household is one with an income of 81-120% of the median county income. A household with an income greater than 120% of the county median is considered above moderate income.

For purposes of the housing needs determinations, this element does not adjust the income levels by household size. It considers the 1979 income distribution of households for unincorporated Merced County as reported by the Census Bureau in the 1980 Census.

The Census reports a 1979 median household income for the county as \$14,701. Thus, a household with an income of \$7,351 or less would be very low income, a household with an income from \$7,352 to \$11,761 would be low income, and a household with an income of from \$11,762 to \$17,641 would be considered of moderate income. An income of greater than \$17,642 would be above moderate income. These income limits were used to estimate the proportion of households in each community in the four income categories.

For purposes of this calculation, it was assumed that households evenly fall within the \$2,500-increments in which the Census Bureau reports the number of households up to \$30,000. Thus, it was assumed that 94.04% of the number of households in the range of \$5,000 to \$7,499 are very low income (\$2,351 is 94.04% of the \$2,500 increment from \$5,000 to \$7,499). Similarly, 70.44% of the number of households in the range of \$10,000 to \$12,499 were low income, and 5.64% of the number of households in the range of \$17,500 to \$19,999 were moderate income. Table N shows the estimated 1979 income distribution for the unincorporated county and the 10 main communities.

The MCAG determined the regional housing need by income group for the county and the six incorporated cities. The methodology used was to average the percentage of 1980 households in each income category for a city with the overall county percentages. This percentage would then be applied to the projected housing need of a city to promote a more equitable distribution of housing opportunities. For example, the very low income percentage of 25% in Le Grand from Table N, is averaged with the county's percentage of 21% resulting in a projected need percentage of 23%. Rounding of the percentages is always made in the direction of the county's percentage.

This methodology was used by planning staff for the unincorporated areas of the county. The results of this exercise are presented in Table O. In Midway and South Dos Palos, 50% of the projected housing need consists of low and very-low income units. Other communities with low and very-low income housing needs above 40% include Delhi, Franklin/Beachwood, Le Grand, and Planada. Various policies and programs listed in the Housing Strategy Chapter are focused on this need.

TABLE N

ESTIMATED HOUSEHOLD INCOME DISTRIBUTION - UNINCORPORATED COUNTY - 1979

<u>AREA</u>	<u>% VERY LOW</u>	<u>% LOW</u>	<u>% MODERATE</u>	<u>% ABOVE MODERATE</u>
Delhi	24	22	16	38
Franklin/ Beachwood	21	25	23	31
Hilmar	20	15	19	46
Le Grand	25	28	20	27
Midway ¹	37	23	24	16
Planada	32	16	30	22
Santa Nella ²	21	18	21	40
Snelling ²	21	18	21	40
So. Dos Palos ¹	37	23	24	16
Winton	21	21	24	34
Total	21	18	21	40
Unincorporated ²				

¹ Percentages from 1980 Census Enumeration District including North & South Dos Palos, and Midway.

² Data from '80 Census not available, so percentages used are from MCAG's MERCED COUNTY HOUSING NEEDS DETERMINATION unincorporated County average. (Table E-2)

TABLE O

PROJECTED HOUSING NEED BY INCOME CATEGORY - UNINCORPORATED COUNTY

<u>AREA</u>	<u>VERY LOW</u>	<u>LOW</u>	<u>MODERATE</u>	<u>ABOVE MODERATE</u>
Delhi	64 (22%)	59 (20%)	56 (19%)	114 (39%)
Franklin/ Beachwood	33 (21%)	33 (21%)	34 (22%)	56 (36%)
Hilmar	51 (21%)	42 (17%)	49 (20%)	102 (42%)
Le Grand	9 (23%)	9 (23%)	8 (21%)	13 (33%)
Midway	40 (29%)	29 (21%)	31 (22%)	39 (28%)
Planada	47 (26%)	31 (17%)	46 (25%)	58 (32%)
Santa Nella	35 (21%)	29 (18%)	35 (21%)	66 (40%)
Snelling	11 (21%)	9 (18%)	11 (21%)	19 (40%)
So. Dos Palos	15 (29%)	11 (21%)	12 (22%)	15 (28%)
Winton	124 (21%)	112 (19%)	129 (22%)	223 (38%)
Remainder	98 (21%)	84 (18%)	98 (21%)	185 (40%)
Total Unin- corporated	527 (22%)	448 (19%)	509 (21%)	890 (38%)

IV. SUMMARY OF HOUSING NEEDS

In summary, this Housing Element is part of the County's General Plan to guide the development of decent, suitable, and affordable housing for the people of Merced County from 1985 to 1990, in partial fulfillment of the statewide housing goal. It represents the County's exercise of its responsibility and power in a cooperative effort with the public and private sector to expand housing opportunities, facilitate housing improvement and development, and accommodate the housing needs of all economic segments of Merced County. It complements the other elements of the General Plan by focusing development in the ten largest unincorporated communities which have public sewer and/or water systems.

In these ten communities, a minimum of 2,406 new dwellings will be required in the next five years to accommodate increased population and newly-formed households. With more of the rural unincorporated county growth directed to these areas, this could be higher. Of the unincorporated county total 3,240 units needed, 1,297 (40%) are needed for very low and low income households. In 1980, households in the unincorporated county had the following characteristics: 2,443 lower income households were overpaying with more than 25% of their income for housing, 1,957 were overcrowded with more than one person per room, and in the 10 main communities, 1,520 dwellings (or 26% of the total) were substandard for human habitation. Midway and South Dos Palos exhibit more of these problems at a greater magnitude than any other community.

Special housing needs identified include 4,000 low and moderate income households that were inadequately housed; 2,333 aged, blind, and disabled recipients of supplemental income assistance; 398 single female parent households with incomes below the poverty level; 75% of elderly rental households are in need of housing assistance; a need for 249 additional housing units for farmworkers by 1990 to accommodate employment growth in addition to an urgent need for an undetermined amount of housing assistance for present poorly housed farm families; and continuing aid on all levels for the approximately 7,500 Southeast Asian refugees who primarily reside in substandard and overcrowded units.

The finance cost of construction loans and home mortgages are a barrier to housing development and sales with which government can attempt to deal. Lot and structure costs are market constraints that can be reduced through changes in government regulation to promote higher density, smaller dwellings, infill, and mobile homes on foundations. Rehabilitation of substandard housing can become more economical by modifications in the building code, although this must be realized at the State level. And the County can continue to utilize the Housing Action Plan (See Chapter VI) as a guide to attracting and providing new and rehabilitated housing for all income levels.

The next chapter discusses governmental and market constraints to housing development, focusing on what has been done since the last Housing Element and what can be implemented in the future to reduce housing costs. A project of significant benefit in determining housing needs in Merced County, and a requirement for accuracy in plans and programs, would be to complete a new Housing Quality Survey as part of the 1985 Special Census. This is recognized by the Housing Task Force as a major goal of the county.

V. HOUSING CONSTRAINTS

GOVERNMENT CONSTRAINTS TO MAINTENANCE, IMPROVEMENT, OR DEVELOPMENT OF HOUSING

Land Use Controls

Zoning regulations and other land use controls affect the size of housing lots and the type of dwelling, e.g., detached, attached, and multiple-family, allowed. Housing type and lot size can be expressed as density, i.e., dwellings/acre.

TABLE P

DENSITY, HOUSING TYPE, AND ZONING

<u>Density Dwellings/ Net Acre</u>	<u>Housing Type</u>	<u>Square Feet of Land per Dwelling</u>	<u>Zone in Which Permitted</u>
1.0	One Detached	43,560	A-R
6.7	One Detached	6,500	R-1
8.7	One Detached	5,000	R-1-5000
13.4	Duplex/Two Detached	3,250	R-2
16.7	Attached Row House	2,600	PUD/CUP
21.8	Apartments	2,000	R-3
43.5	Apartments	1,000	R-4*

*R-4 zoned land is almost non-existent in Merced County.

The Zoning Ordinance presents a fair range of densities, though the R-1 lot size and width are large. The R-1-5000 zone was created to provide higher densities and reduce land costs. Costs have also been reduced by permitting mobile homes on foundations on all R-1 and R-1-5000 lots. The Zoning Ordinance does not promote medium density owner occupied housing, such as attached row houses. The R-2 zone allows one duplex or two detached houses per lot. The minimum lot size in the R-2 is 6,500 sq. ft. Thus, a large lot would only be allowed two dwellings. The R-3 zone allows one unit per 2,000 sq. ft. In order to develop row houses at a density of more than 13 dwellings per acre, a developer must obtain R-3 zoning which allows a density of 21 units per acre, or utilize a planned unit development approach. This density standard gap between the R-2 and R-3 zones provides the County imprecise control over the development of land.

Any development of three or more dwellings on an R-3 zoned lot requires a "Location and Development Permit" to be granted by the Planning Commission in regards to the layout of the development, according to the Zoning Ordinance. Regrettably, the ordinance gives no criteria for review nor specifies that conditions of approval may be placed on the development as a result of the Commission review. Consequently, the Location and Development Review process involves a three to five week delay in order to schedule the item on the Commission agenda, simply to inform the Commission that the development does meet the setback, parking, and other requirements and they must approve it.

Condominium and cooperative housing development are methods of providing homeownership advantages at a reduced cost. This type of development is processed on an "ad hoc" basis in all residential zones through the conditional use permit procedure and requires a location and development permit.

Infrastructure Development

The availability of sewer and water service, and to a somewhat lesser degree all other public services, has a critical effect on whether the housing needs identified in Chapter III can be met. In all but a few of the unincorporated communities, serious capacity limits exist. Table Q indicates whether each of the unincorporated communities has sufficient excess capacity for more development (+), or has an insufficient capacity for much more development (-). The following discussion details where infrastructure improvements will be required before the five year housing needs can be served.

TABLE Q

<u>SUFFICIENCY OF PUBLIC SERVICES AND INFRASTRUCTURE</u>						
	WATER	SEWER	DRAINAGE	FIRE	SCHOOLS	OVERALL
Delhi	-	+	-	+	+	+
Franklin/ Beachwood	+	+	+	+	+	+
Hilmar	+	+	-	+	-	+
Le Grand	-	-	-	+	+	-
Midway	-	-	+	-	-	-
Planada	-	+	-	-	-	-
Santa Nella	-	-	+	-	+	-
Snelling	N.A.	+	-	-	+	-
S. Dos Palos	-	-	+	-	-	-
Winton	-	+	-	+	+	+

DELHI has moderate excess capacity in most services except schools which are approaching maximum capacity. At the present time (Winter 1984), there is a problem with water quality requiring new well locations. Efforts are underway to drill new wells which should alleviate this problem in the near future. Drainage is a problem in Delhi because there is no master drainage plan for the area. Many residents work outside Delhi, even outside the County in Turlock. With present improvements to the water system and a 400 unit excess capacity for sewage treatment, the projected 1990 housing need can be served.

FRANKLIN/BEACHWOOD's favorable infrastructure has encouraged much residential growth in the last decade. Excess sewage capacity exists for approximately 400 units and water is available for an additional 500 units. The inclusion of Franklin/Beachwood in the Merced City School District allows for adequate school capacity. The school district as a whole is experiencing a decrease in average family size. There have been several Farmers Home Administration (FmHA) and Section 8 assisted dwellings built and demand for housing remains high.

HILMAR has a high demand for new housing and one main deficiency - inadequate school capacity (which may be alleviated by portable classrooms in the near future). Adequate sewerage and water service is available to serve all vacant land within the community. The employment base is shifting from exclusively local agriculture to urban jobs in Stanislaus County. There have been several FHA and Section 8 assisted dwellings built, but demand remains high.

The water delivery and sewage treatment facilities in LE GRAND both have additional capacity for the five year future projected growth although higher growth rates will require plant expansion. In addition, these systems are aging and improvements will be needed before extensive development can occur. A sewer line clean up program is underway, but developers may be charged a fee, or required to provide a well for improved fire flow pressure. Fifty units of assisted low cost housing is being built, and in early 1985 approval was granted for another 100 units (for which the developer is providing a new well).

MIDWAY is handicapped by the limited number of connections for sewer and water service provided by the City of Dos Palos. There is inadequate water pressure and flow in Midway for proper fire protection due to the small diameter of existing lines and water quality is often below standard. Joint efforts are presently underway with South Dos Palos to improve water delivery. There is little demand for growth but a great need for replacement housing and rehabilitation.

PLANADA has recently developed sufficient sewage capacity to accept 470 new connections, but lacks the concomitant water capacity to accommodate new housing. Several assisted housing projects exist and tentative subdivision map approval for a large R-1-5000 subdivision was recently granted. The Planada Community Services District is presently drilling a replacement well which will improve water pressure for existing development. But unless grant money is obtained, new development will have to provide its own new wells.

SANTA NELLA is largely a mobile home community related to freeway interchange enterprises. Additional growth is hampered by insufficient carrying capacity of water lines causing inadequate fire flow pressure. There is a moderate demand for housing by retirees and service business employees. Local developers are organizing in an effort to finance water pressure improvements including construction of a 150,000 gallon storage tank and replacement of undersized lines. The Water District has issued bonds to purchase a site for a new water plant and additional pumps. A permanent disposal facility for sewage will be required before additional growth can occur in the sewer system. School capacities are adequate for projected growth.

In SNELLING, water service and fire protection are inadequate due to lack of a public water system and fire hydrants. The sewage treatment plant has capacity for 70 new connections. The school system is near capacity. Snelling is a recreation and retirement community with little pressure for growth, and without a public water system, a lack of infrastructure for much development.

There is inadequate water pressure in SOUTH DOS PALOS for increased residential usage and low water quality for existing residents. CDBG funding is being sought to improve the system and drill a new well in a joint effort with Midway. Excess capacity in the sewer plant could accommodate 382 new connections. The Dos Palos Joint School District is nearly at capacity, however, presenting another obstacle to development in South Dos Palos.

The City of Atwater provides WINTON with sewer services, but its capacity to provide these services is limited. Winton has a high pressure for growth. Fire flow water pressure is inadequate in most areas for medium and high density residential developments. The Sanitary District is currently involved in efforts to take over the water delivery system and install larger pipelines to relieve this problem. Through contract with the City of Atwater, Winton may obtain additional sewer capacity for 1,100 connections.

Sufficient Residentially Zoned Land

Besides having the zoning in the ordinance, it must be applied to vacant, developable land to have any significance. Table R lists the vacant land in each of the unincorporated communities by zone and the number of units which could be constructed (less 20% for roads in all designations except R-3). Three important factors affecting quantity of housing are 1) land availability, 2) finance and development cost, and 3) public services and infrastructure availability. As Table R shows, there is sufficient land in the unincorporated communities designated by zoning for residential development, though at lower densities in most communities. Many more acres are designated in the General Plan for multiple family housing although a zone change would be required prior to development. A total of 9,164 units could be provided in the 10 main unincorporated communities if there were no infrastructure limitations. While the Planning Department lacks adequate manpower to prepare a list of available development sites, staff will continue to assist the public in finding residentially zoned land on an individual basis.

The General Plan policy to preserve agricultural land by gathering all non-agricultural uses in the unincorporated communities [i.e., Specific Urban Development Plan (SUDP)] has given owners of vacant property within SUDPs somewhat of a monopoly on developable land and allowed them to raise land prices. Such negative side effects of protecting agricultural land and promoting efficient use of County infrastructure and services should be considered when developing policies for the SUDPs.

Subdivision Regulation and Processing

The processing of applications for minor subdivisions, and special permits is expeditious in Merced County. Processing time varies from six to twelve weeks from filing to Planning Commission action. Such applications cost between \$92 and \$109 with an additional \$50 for environmental review when required. Processing time varies especially because of delays in obtaining comments from other agencies. Subdivisions are processed from filing to approval of the tentative map by the Board of Supervisors in four to five months. Subdivision applications cost \$233 plus \$5 per lot and \$50 for Environmental/Subdivision Review Committee processing.

There are few off-site improvements required of subdivision developers in Merced County. On-site improvements typically include storm drainage systems including ponds, curbs, gutters, and sidewalks, street lights, ten-foot wide utility easements, 60-foot road right-of-way dedications, asphalt roadway, soil and percolation tests, and underground utility lines. In the flood zone, a study is required indicating potential flood levels above which finished floors must be built. In the Air Force Base Noise Zone, a 25 dBA reduction is

TABLE R

UNINCORPORATED COMMUNITY
VACANT RESIDENTIALLY ZONED LAND¹

UNINCORPORATED COMMUNITY	LIMITING INFRASTRUCTURE ² (Additional Units)	ACRES #		ACRES #		ACRES #		ACRES #		TOTAL
		A-R	UNITS	R-1	UNITS	R-2	UNITS	R-3	UNITS	
Delhi	400	63	50	27.5	147	3.5	37	9.5	207	441
Franklin/Beachwood	400	110	88	90	482	8	85	0	0	655
Hilmar	575	8	7	47	252	13	139	3	65	463
Le Grand	275	20	16	141	755	10	107	0	0	878
Midway	Infill	0	0	387.5	2077	0	0	5	109	2186
Planada	Infill	0	0	42.2	226	13.1	140	0	0	366
Santa Nella	Infill	127	101	271	1452	25.5	273	0	0	1826
Snelling	70	260	208	74.5	399	0	0	0	0	607
So. Dos Palos	Infill	0	0	64	343	0.5	5	14	305	653
Winton	Low Density	37	30	105.5	565	4.5	48	20.5	446	1089
Total		625	500	1250.2	6698	78.1	834	52	1132	9164

¹For all zoning designations, except R-3, the number of units possible has been reduced by 20% to provide for land necessary for roads and other improvements. Vacant land as of June, 1984.

²Based on lower capacity of either sewer or water system.

required to be incorporated into the design and construction of residences. These are considered minimal demands of a subdivision developer necessary to ensure a safe, healthy, operationally-economical, quality development.

Building Code Application to Rehabilitation

The specific requirements and specifications which guide the construction of individual structures are found in the Uniform Building Code adopted by the State. In recent years, code formulating and enforcement agencies have devoted a tremendous amount of effort in trying to clarify code requirements for rehabilitation. It is relatively simple to define clear requirements in relation to additions, remodeled and/or new construction. It is extremely difficult to define rehabilitation regulations in regards to "safeguarding life, limb, health, property, and public welfare", as each rehabilitation project and associated financial and social condition vary widely in composition.

As a result of the adopted and mandated State regulations, which are revised every three years, the entire construction industry is continually impacted by newly mandated construction costs. The County has little authority or influence in revising these codes for rehabilitation projects. The following are several conditions faced by the County and the local construction industry:

1. Code requirements in relation to rehabilitation are often unclear and/or general in nature, thus many judgement calls must be made by the Local Building Official in regards to code compliance. In addition, State Law expressly holds the Building Official and/or his authorized representatives individually responsible for assuring code compliance. Should a rendered judgement be questioned and found not consistent with the intent of the Code and should said judgement or lack of enforcement be proven as "willful negligence" on the part of the enforcement person, both said person and the enforcing jurisdiction are subject to suit.

The above conditions cause enforcing persons to be both conservative and thorough in their approach to rehabilitation projects. This conservative attitude is often misunderstood by all others concerned with the program and projects. Overly protective (cautious) code application can cause a rehabilitation project to be costed out of the financial reach of the person truly needing assistance.

The only real solution is to continue to seek and establish a State Housing Rehabilitation Code which will allow reasonable regulations for the rehabilitation of existing housing stock.

2. Federal concepts and codes for rehabilitation grants for housing projects are often in conflict with State regulations. This tends to confuse all who provide rehab services and indirectly causes increased project cost.
3. Most rehabilitation projects are labor intensive. This fact, combined with concealed and/or undetected existing building conditions which the contractor may be required to resolve in order to secure final project approval, cause rehabilitation costs to be comparatively high for the amount of rehabilitation provided.

A new agreement posture must be achieved which can take into account adjusted costs for concealed and/or undetected building conditions. This will then allow the contractor to exclude a protective cost factor from his original bid.

4. We must make every effort to monitor the State in order to (whenever reasonable) exclude housing rehabilitation projects from currently proposed retrofitting regulations which, if imposed, will have a drastic cost impact on rehab projects, i.e., proposed energy retrofit requirements and proposed physically handicapped adaptability regulations.

Government Actions to Improve the Supply of Housing

The 1981-85 Merced County Housing Element recommended the improvement of government regulation to facilitate the development of housing. The 1981 Element (page 68) identified four areas for government improvement 1) Reducing processing time, 2) Reviewing development standards, 3) Insuring availability of land, and 4) Modifying density controls to increase densities. Significant improvements have been made in government regulation since 1981.

Reducing Processing Time:

Processing time has been reduced by the certification of an overall negative declaration as part of the community specific plans for Franklin/Beachwood and Le Grand. All subdivision and housing developments consistent with the community's specific plan are exempt from further environmental review, thus, eliminating the cost of an EIR and reducing processing time.

The provision of housing for agricultural employees outside a labor camp and for members of the family of a farmer has been simplified. These residential uses formerly required a conditional use permit, but now are allowed by right.

Processing time will be reduced greatly if the proposed subdivision ordinance is adopted. This ordinance would permit approvals and extensions on subdivisions to last a total of five years instead of three years. It would make minor subdivisions (parcel maps) administrative matters approved by the Planning Director instead of at a public hearing by the Planning Commission. Similarly, it would allow tentative subdivision maps to be approved by the Planning Commission instead of requiring the Commission to forward maps to the Board of Supervisors for final approval, as is the case now. This ordinance would reduce processing time by at least three weeks, and reduce the frequency of reapplication to renew expired tentative subdivision maps.

Reviewing Development Standards:

Development standards have been changed to 1) allow mobile homes on permanent foundations in the A-R (Agricultural-Residential) zone where they were previously prohibited; 2) allow formerly nonconforming houses in commercial zones to be enlarged or replaced in the C-T (Commercial Transition) zone; and 3) reduce the front and sideyard setback in the R-1-5000 zone, thus increasing the percentage of developable area on a lot.

Insuring Availability of Land:

Since the 1981 Housing Element was adopted, community specific plans have been adopted for the seven largest unincorporated communities in Merced County. In these plans, the amount of vacant land for residential use has increased at least 100% or the permitted density on vacant land has been increased to allow the town population to increase at least 100%. The median population capacity of these communities allows for a 188% increase.

Modifying Density Controls:

A Planned Unit Development (PUD) Zone was adopted in response to the 1981 Housing Element. The PUD grants a density increase by allowing design flexibility to all developers, plus a 10% density bonus for those who provide at least 10% of the dwellings for low income people on a long-term basis. The PUD also allows an improved living environment and reduced improvement costs to the developer through design flexibility.

The R-1-5000 zone adopted in June, 1982, reduced the minimum residential lot size from 6,500 to 5,000 square feet, a density increase of 30%, or about two more dwellings per acre. To accommodate this increased density, reduce development costs, and still provide a good living environment, the R-1-5000 zone allows by right zero-lot-line housing with one sideyard reduced to zero.

All single family residential zones have been changed to double in density when the additional dwelling is for a person over 60 years of age. Potentially, this could allow a 13% increase in the housing supply in the major unincorporated communities without extension of infrastructure to or subdivision of vacant land. Also, all single family residentially zoned corner lots are permitted to have two dwellings instead of one when certain design criteria are met.

One area where the County can improve housing affordability in the future is to revise the Zoning Ordinance to facilitate infill development. Infill housing can take advantage of existing infrastructure which results in more compact, efficient developments. But zoning standards oriented to larger areas of vacant land often do not allow the flexibility necessary on undersized or irregular shaped vacant inner-city lots. As part of the implementation of this Element, the Planning Department will develop an infill strategy for the Zoning Ordinance to allow variations in density, lot shape, setbacks, road widths, and other relevant modifications.

MARKET CONSTRAINTS

Analysis of Factors Affecting the Production and Cost of Various Housing Types

An average quality 1,320 sq. ft., single family house with modest amenities, on a 65 x 100 ft. lot cost about \$64,000 in 1984 in Merced County. Additional costs to the purchaser for various fees and insurance add another \$4,567 to this price. Reductions in land and house size, development time and finishing costs can lower the house price by more than 15%. The use of mobile homes on foundations can reduce the cost of a dwelling more than 16% over a conventional house of the same size. Table S displays the components of the cost of a 1,320 sq. ft. house in 1984 in three of the unincorporated communities.

The minimum interior lot size of 65 x 100 feet represents a net density of 6.7 units/acre. Lot costs could be halved by duplex type development, and reduced by 63% with attached row house development. This increased density also reduces the cost of sewer and water infrastructure per dwelling because the lot is narrower, allowing more dwellings to be serviced per 1,000 ft. of trunk sewer and water line than would be possible at lower density.

Housing costs could be lowered by reducing the size of the basic house. Housing costs about \$33/sq. ft. for a minimum amenity house. Since the 1950's, expectations of housing size have risen, yet it is possible to provide safe, adequate, and healthy housing in the form of a smaller core house which can be expanded as the family size and income increase. If the 1,320 sq. ft. house in Table S were 400 sq. ft. smaller, a savings of close to 15% or \$9,600 could be achieved. Finance charges and processing fees would be proportionately less as well.

The labor costs of housing construction can be reduced by providing the buyer the opportunity to do the wall, floor, and ceiling finishing. The labor costs of painting and laying floor and ceiling tile constitutes about 6% of the housing cost or about \$3,480 for the example house in Table S.

The thoughtful design and placement of low-cost housing to take advantage of passive solar heating and cooling principles could substantially reduce the cost of heating/air conditioning units and duct work. As of July 1, 1981, State law mandated the permitting of mobile homes on foundations in residentially zoned and planned areas. Mobile homes on foundations would have the same land costs as a conventional house, but do not involve construction loan finance charges. A 24 x 56 ft. (1,344 sq. ft.) mobile home, including installation on foundations, costs \$40,000 in Merced County. This is \$4,000 less than the house in Table S. When construction loan finance charges are added, the total reduction is \$8,860, or 14% less than the conventional house construction costs. The land cost savings explained previously would also apply to mobile homes on foundations, if they were allowed at higher density.

Additional costs amounting to \$4,567 must be paid by the purchaser for a \$64,000 house to cover loan, escrow and appraisal fees, title and fire insurance, and the real estate sales commission. These costs add another 7% to the base price.

Assuming all these additional costs are paid up-front, along with a 10% downpayment, a loan of \$57,600 at 13.5% (the average for early 1984) would require an income of \$31,656. The 1983 median household income for Merced County was around \$18,050, or roughly half that necessary to qualify for the loan to purchase the houses described in Table S. If the interest rate was lowered to 11%, an income of \$26,320 would be required. Efforts to lower mortgage interest rates could improve the affordability of housing even more than the construction techniques discussed above.

While mortgage money is generally available in the county, the cost is out of reach to most county residents. Three programs which could be used to lower mortgage costs are: 1) tax exempt mortgage revenue bonds sold by the government to buy-down interest rates; 2) low-equity housing cooperatives where co-op purchasers own shares in the cooperative association that actually owns the property, and thus, refinancing is not necessary on resale of

TABLE S

MERCED COUNTY
1984 COMPONENTS OF COST FOR A SINGLE-FAMILY HOUSE

	<u>Beachwood</u>	<u>Winton</u>	<u>Hilmar</u>
6,500 sq. ft. lot	\$ 4,000	\$ 4,500	\$4,760
Improvements to Land	8,000	8,000	8,000
Land Finance Costs (Improvement Loan)	1,030	1,080	1,110
Processing Fees and Taxes (Subdivision Review and Improvement inspection)	255	255	1,260 ¹
Prepared Residential Lot	13,285	13,835	15,130
1,320 sq. ft. House <u>Cost Including Profit (\$33.33/sq. ft.)</u>	44,000	44,000	44,000
Component Costs of Labor and Materials ²	Labor	Materials	
Foundations, walls, and roof	28%	28%	
Plumbing and electricity	7.5%	5%	
Roofing	2%	2%	
Wall, floor, and ceiling finishes	6%	5%	
Appliances and heating/A/C	6%	10.5%	
Finance Charges (Construction Loan)	\$ 4,860	\$ 4,860	\$ 4,860
Processing Fees (Building Permits)	437	437	437
Hook-up Fees (Sewer)	375	1,525	300
Total Cost House and Lot	\$62,957	\$64,657	\$64,727

Additional Purchase Costs (Based on \$64,000 House): Escrow Fees - \$165;
 Appraisal Fees - \$120; Loan Initiation Fee (2%) - \$1,152; Title Insurance
 - \$320; Insurance (Fire & Extended Coverage) - \$250; Sales Commission
 (4%) - \$2,560: Total Purchase Cost - \$4,567.

SOURCE: Interview with local developers, lenders, and real estate agents.

¹ A school district fee of \$1,000 per unit has been charged on recent subdivisions to increase school capacity in Hilmar.

² Housing Magazine February 1982 average percentage figures based on Fresno and Stockton costs, which are the closest markets for which data is available.

individual units, and 3) equity sharing loans where the lender charges a reduced interest rate in return for participation in any increase in equity realized upon resale of the property. All these financing tools are available for use in Merced County through one or more of the programs listed in the Housing Strategy and Action Plan in the next chapter.

ENVIRONMENTAL CONSTRAINTS

There are two major environmental constraints that add to the cost of housing construction in portions of the county: flooding and noise impacts from Castle Air Force Base.

All residential dwellings located in areas with a potential for flooding - as identified by the Federal Insurance Rate Map (FIRM) - are required to be constructed at or above the base flood elevation and follow the regulations in the County's "Flood Damage Prevention Ordinance". This adds to the cost of construction where the house must be placed on special supports or additional fill is necessary to elevate the development site. The three main unincorporated communities where this is a factor are Snelling, Planada, and Le Grand.

Where the property owner can provide proof that the FIRM map is not accurate for a specific site, a variance from the requirements may be granted. As flood control projects are completed, the areas subject to flooding have been reduced. Implementation of the Merced County Streams Group Project by the Army Corps of Engineers and the "Merced County Critical Area Flooding and Drainage Plan" would reduce the flood flows in the eastern portion of the county.

The flight pattern of Castle Air Force Base causes noise impacts on the communities of Winton and Franklin/Beachwood, as well as Merced and Atwater cities. The northeastern portion of Winton and all of Franklin/Beachwood are within the 65-75 dBA range which requires sound mitigation measures in all units constructed adding to development costs. Castle is working on a revised study of its noise corridor which should be available in the near future, but it is anticipated that noise impacts will remain significant for the above mentioned communities.

VI. HOUSING STRATEGY AND ACTION PLAN

According to State Housing Element Guidelines, the County General Plan Housing Element is to "make provisions for the housing needs of all economic segments of the community." Similar to variations in the relative complexity of General Plans between rural and urban areas, the priorities and resources of rural counties must necessarily be more limited in scope. The Action Plan of a Rural Housing Strategy in Merced County gives priority to the needs of low- and moderate-income families. The Action Plan does not ignore the needs of higher income families for housing opportunities, but at the same time, does not propose special programs to provide direct assistance. The Merced County General Plan Land Use Element provides sufficient available land to allow adequate opportunities for higher income families.

Merced County's Housing Strategy and Action Plan is guided by supporting General Plan Elements, including Land Use and Transportation. The goals of these Elements are melded to support Housing Element goals to:

1. Concentrate future housing development and redevelopment in established urbanized communities and designated rural residential centers where public services already exist.
2. Revitalize existing neighborhoods and communities, thereby reinforcing and maximizing public investment in service delivery systems and enhancing economic stability.
3. Provide a mixture of residential uses, including high density in urbanized communities and low density in rural residential centers.
4. Conserve and protect agricultural lands to ensure continued productivity and long-term stability of agricultural activities.
5. Provide adequate housing at reasonable cost to all residents regardless of income, age, sex, religion, or ethnic background.

ACTION PLAN - Merced County's Housing Strategy and Action Plan relies on five elements:

- A. Provide opportunities for potential homeowners and rental occupants to achieve affordable housing through development of a partnership between local government and private sector developers.
- B. Revitalize older, underdeveloped neighborhoods through programs encouraging rehabilitation, infilling with new housing, replacement housing, and redevelopment activities in older residential and commercial neighborhoods, leading to more effective utilization of existing public facilities and land.
- C. Increase ability of urban communities to accept new housing by providing supportive services, assisting in acquiring financing for infrastructure improvements, and advisory technical services.

- D. Develop and maintain a centralized housing resource and counseling service program to provide information, education, and technical assistance to low- and moderate-income persons and organizations assisting low- and moderate-income persons to find and maintain affordable housing.
- E. Formulate and implement appropriate plans, policies, and programs to provide incentives for and reduce obstructions to private efforts to produce affordable housing.

SELECTING THE BEST OPPORTUNITIES TO PROVIDE HOUSING

Merced County recognizes it cannot meet all housing needs and, therefore, must prioritize scarce financial and human resources to meet the needs of low- and moderate-income families who cannot afford decent and safe housing. Prioritizing resources requires selecting the best opportunities for financial assistance and concepts for housing delivery.

The Housing Action Plan is firmly based on the concept that no single factor in the housing delivery market place can substantially effect increased affordable housing supply without the support and cooperation of other factors in that market place. In other words, to provide affordable housing, all cost centers in housing development must be influenced to reduce market price to potential owners or renters. Combinations of construction and mortgage financing, public improvement costs, design and land utilization standards, land costs, and developer take out must be considered in making affordable housing available.

However, the formation and eventual success of that partnership rests on an agreement as to priorities and a commitment to action by the private and public sector. The Housing Action Plan is conservative and realistic in an assessment of the capabilities of local government to participate in the housing delivery market place. The Housing Action Plan does not pretend to offer the same level of assistance to the entire private sector and all urban communities. Only those projects and opportunities, which in the view of the Board of Supervisors have the greatest potential for cooperative effort and best serve the needs of low- and moderate-income families, will be offered County resources to pursue housing programs in a concentrated action plan.

QUANTIFIED OBJECTIVES

In conformance with state law, the Housing Element Action Plan contains objectives for the number of assisted and nonassisted housing units that can be constructed, rehabilitated, and conserved over the next five years. Assisted housing is directed at the needs of low and very-low income groups while nonassisted housing is commonly occupied by moderate and above moderate income groups (as defined in Chapter III).

The 1981-85 Housing Element also contained numerical goals for assisted housing. Table T displays the success at meeting these goals over the 1981-83 period. The targeted programs have not faired well, but Farmers Home Administration activities are exceeding the objectives. Federal funding utilized by the Housing Authority has been reduced, severely affecting new construction and rehabilitation in rural areas. Similarly, the Section 8

Rental Assistance Program has experienced limited growth. In January, 1984, during a five-day application period for Section 8 assistance, 368 applications were received for only 23 subsidies. The annual allocation of Section 8 subsidies is subject to wide fluctuation although HUD has approved an additional 25 units for 1985.

The five-year quantified objectives contained in this Housing Element revision are reflective of the present availability of government resources and the financial condition of the private housing market. Presented in Table U are Merced County's quantified objectives for the unincorporated area. These figures are based on a continuation of the yearly average housing activity for the past three years, with a somewhat more optimistic objective for public sector programs. A total of 385-390 new units per year could realistically be constructed by the public and private sectors.

When compared to the projected housing need identified in Chapter III (Table M), the objective falls short of the five-year need by over 400 units. Section 65583(b) of Article 10.6 in the Government Code states in part:

"It is recognized that the total housing needs identified . . . may exceed available resources and the community's ability to satisfy this need within the content of the general plan requirements . . . Under these circumstances, the quantified objectives need not be identical to the identified existing housing needs, but should establish the maximum number of housing units that can be constructed, rehabilitated and conserved over a five-year time frame."

Meeting the objectives for rehabilitation and conservation will help maintain the existing housing stock, as will the undetermined amount of nonassisted rehabilitation that is carried out by individual property owners.

The large difference between the quantified objectives and the projected need highlights the critical necessity for additional public housing assistance and the importance of fostering private sector housing activity. The following sections of the Action Plan list what assistance programs are presently available and actions the county will take to encourage housing delivery and reduce governmental constraints.

TABLE T

SUCCESS AT MEETING 1981 HOUSING GOALS

<u>PUBLIC SECTOR TARGETED PROGRAM</u>	<u>1981-83 OBJECTIVE</u>	<u>1981-83 UNITS PROVIDED</u>	<u>DIFFERENCE</u>
Housing Authority			
New	100	20	-80
Rehab	50	0	-50
Rental(Sec.8)	95	23	-72
County Rehabilitation	105	16	-89
<u>NON-TARGETED PROGRAM</u>			
Farmers Home Administration			
New	150	251 ¹	+101
Rehab	30	37 ¹	+ 7

¹Self-Help Enterprises project using FmHA and other funding sources.

TABLE U:

ANNUAL QUANTIFIED OBJECTIVES FOR HOUSING UNITS
(1985-1990)

	<u># NEW</u>	<u># REHAB</u>	<u># CONSERVE</u>
PUBLIC SECTOR			
Housing Rehab (County)	-	15	-
Housing Authority	5-10	-	20 (Sec.8)
FmHA ¹	60	-	-
Community Action Agency	-	50	470
Total	65-70	65	490
PRIVATE SECTOR ²			
Ownership	250	-	-
Rentership	70	-	-
Total	320	0	0
Total Annual Objective	385-390	65	490
Five Year Objective	1925-1950	325	2450

¹No FmHA rehabilitation projects projected because construction standards required are too expensive to qualify for funding.

²Private sector rehabilitation and conservation data is difficult to obtain, and not all rehab projects require government permits. In 1983, 434 building permits were issued by the county for "alteration and repair" of dwellings, although not all of these are for rehabilitation work.

A. HOUSING PROGRAMS

NEW HOUSING DELIVERY PARTNERSHIP AND PROGRAM

Not all housing assistance can or should be channeled through the County. There are developers and builders and other organizations quite capable of working directly with Federal and State agencies to provide affordable housing opportunities within Merced County. The purpose of including criteria for these activities is to suggest where the County views its priorities and categorize where Federal and State agencies should concentrate their efforts when reviewing project proposals.

The concept of mobilizing in support of new homeownership and new rental units is the key to successful and timely delivery of affordable housing units. Individual projects competing for various public funding should be based on a consideration of the following factors:

- 1) Appropriateness of proposal in meeting the stated annual goals for new housing in the Action Plan of the Housing Element.
- 2) Location of the proposed project in relation to concentrations of low- and moderate-income families within and among urbanized communities. Location of projects should avoid overconcentration of tenure, type, and price in any one particular community. Extra consideration will be given to those projects which provide affordable housing opportunities outside of communities that have concentrations of low-income families and minorities.
- 3) Ability of the urbanized community to accommodate new housing growth using existing infrastructure without placing an economic burden on existing residents.
- 4) Value of the proposed development in restoring deteriorated neighborhoods, revitalizing economy of community, and promoting better utilization of land and public services within the specific urban development planning area.
- 5) A positive market analysis which verifies a need and high degree of probability that the development will be quickly built and sold.
- 6) Proposed development does not propose to create any adverse environmental impacts which cannot be easily and cost-effectively mitigated.
- 7) The recipient community of the proposed development is generally in favor of the development from a service delivery, local determination of housing needs, and aesthetic standpoint.
- 8) Suitability of increasing densities within urbanized communities.

Responsible Agency: Department of Public Works, Public Services Division.

Financing: Staff time

Objectives: Assist private sector with applications for funding new construction and rehabilitation.

Time Frame: Continuous

FUNDING OF THE PARTNERSHIP

Several Federal and State programs are available to private sector housing providers. The following is a detailed list of the funding sources available in Merced County.

FEDERAL

Farmers Home Administration (FmHA) Section 502

Direct loans are available to targeted income group members for owner-occupied construction, mortgage, and rehabilitation financing.

FmHA Section 504

Loans and grants are made up to \$7,500 for very low income families for home repairs needed for the health of the family or of the community. To be eligible for 504 assistance, an applicant must lack the income necessary to repay a Section 502 loan.

FmHA Section 515

Loans are available to public and private limited profit and nonprofit sponsors for construction or rehabilitation of rental and cooperative housing for targeted income groups.

FmHA Section 523 and 524

Funds are available for counselors and construction supervisors to assist targeted income group members who build their own housing under FmHA Section 502, and provides some loans for land acquisition and off-site improvements. Section 524 provides for site loans to self-help sponsors, public agencies, and private nonprofit organizations.

HUD Section 202

The Department of Housing and Urban Development makes long-term direct loans to finance rental or cooperative housing facilities for elderly and handicapped persons. The current interest rate is based on the average rate paid on federal obligations. Loans may be repaid over a 40-year period. Private, nonprofit sponsors may qualify for these loans. Households of one or more persons where the head is at least 62 years old or is handicapped are eligible to live in the structure.

HUD Section 235

A Department of Housing and Urban Development program of homeownership assistance for lower income families providing assistance in the form of monthly payments to a mortgagee, reducing interest cost to as low as 4% if the homeowner cannot afford mortgage payments with 20% of his/her adjusted income. The program is available to families of two or more persons, handicapped persons, or elderly persons whose adjusted family income does not exceed 95% of the median income for Merced County. Eligible housing is approved by HUD prior to construction of new, or substantial rehabilitation of, single-family dwellings or condominium units.

HUD Section 106(b)

The Department of Housing and Urban Development provides interest free seed money loans to nonprofit sponsors to cover 80% of the preconstruction expenses in planning 202 projects. The loan is repaid out of the permanent mortgage loan proceeds. Eligible expenses include organization costs, legal fees, consultant fees, engineering, application, and construction loan fees. The attractiveness of Section 106(b) and Section 202 in tandem is that the sponsor incurs no initial out-of-pocket expense for preconstruction development. It is an effective form of leveraging. It substantially reduces the debt portion of the mortgage debt to income ratio.

HUD Section 221(d) (3) and (4)

A Department of Housing and Urban Development program for multi-family rental housing for low- and moderate-income properties provides insurance on mortgages at FHA ceiling rate for construction of rental or cooperative multi-family housing. Mortgage term is 40 years. Units financed under either (3) or (4) may qualify for Section 8 assistance if occupied by eligible low-income families. Under Section 221 (d) (3), public agencies, nonprofits, and cooperatives could obtain 100% mortgage insurance, making investment of equity unnecessary. Section 221 (d) (4) provides insurance to profit motivated to 90%.

STATE

HCD Community Development Block Grant

Under Eligible Activities, subpart 570, of the Community Development Block Grant regulations, administrative costs are an eligible item. Other activity costs which can be funded through Block Grant are acquisition, relocation, writing down land costs, housing rehabilitation, neighborhood development and training centers, staff orientation, public improvements, direct assistance to minority contractors for insurance and bonding fees, and training programs for nontraditional occupations.

California Housing Finance Agency (CHFA)

The purpose of CHFA is to provide financing for the development and rehabilitation of low- and moderate-income housing. This is accomplished by the State selling tax-exempt revenue bonds and using the proceeds to: (1) provide direct loans for development of new rental and cooperative multi-family housing for low- and moderate-income households; (2) purchase mortgages from private lenders to enable eligible low- and moderate-income borrowers to purchase homes at below market mortgage rate; (3) finance a neighborhood preservation program providing loans and insurance for rehabilitation programs in designated areas at below market interest rate. CHFA encourages certain types of mortgages by offering incentives to mortgage lenders. This incentive is a percentage rebate of the mortgage amount, usually $\frac{1}{2}$ of 1%. This rebate is offered to those lenders who will deliver a loan for (1) a property which has been moved to a new site and has been rehabilitated since August 1, 1976, and on which improvements amounting to at least 25% of the appraised value have been made; (2) a multiunit, subsidized, residential structure for which alternative financing is unavailable; (3) a

large family residential structure which is to be occupied by a large family; (4) a family displaced by governmental action or as the result of a natural disaster; (5) property in a neighborhood preservation, improvement, renewal, or code enforcement area.

Marks-Foran

This is a Residential Rehabilitation Act which authorizes cities, counties, housing authorities, and redevelopment agencies to issue tax-exempt revenue bonds to finance rehabilitation. Under Marks-Foran, loans are made in target areas designated by a community through the public hearing process. The community must make a commitment to enforce rehabilitation standards on 95% of the structures in the target area in addition to providing the public improvements necessary to support rehabilitation. Marks-Foran loans may also be used to upgrade housing for low- and moderate-income families outside of a target area or finance construction of replacement housing. Loans are for a term of up to 40 years at a substantially below market interest rate.

California Housing Advisory Service

The California Housing Advisory Service provides grants to local governmental agencies, nonprofit organizations, Indian tribes, and community design centers for the purpose of establishing local housing advisory services. This will assist residents and groups with self-help construction or rehabilitation.

Housing Development Technical Assistance

HDTA staff provides comprehensive technical assistance to local government, nonprofit organizations and the private sector. This program has been designed to work in conjunction with Rural Predevelopment Loan Funds and Urban Development Loan Funds.

Housing Training and Workshop Sessions

The Department of Housing and Community Development sponsors rehabilitation training sessions. In conjunction with the Department of Housing and Urban Development, they present various seminars on HUD-312 packaging, Farmers Home Administration packaging, cooperative conversions, and tenant counseling and training.

Low-Income Home Management Training Program

The Low-Income Home Management Training Program provides grants to local government and nonprofit organizations. Funds are provided for housing counseling services linked to housing production and rehabilitation efforts.

Rental Housing Construction Program

The Rental Housing Construction Program provides funds, through local agencies or the California Housing Finance Agency for the development of new rental units by private, nonprofit, or public agency sponsors. Not less than 30% of the units in each rental development assisted under the program are to be made available to households of very low- and moderate-income families. The remaining 70% of the units in each development may be made available to moderate-income or market rate households.

Rural Land Purchase Fund

The Rural Land Purchase Fund provides loans to local governmental agencies and nonprofit organizations for the purchase of land in rural areas for the development of housing for low-income persons.

Residential Hotel Demonstration Program

The Department of Housing and Community Development provides technical assistance to nonprofit organizations and local agencies to use available State and Federal programs for the rehabilitation of residential hotels. The primary goal of this program is to demonstrate the feasibility of preserving residential hotels as a continuing source of private-market housing meeting the needs of certain low- and very low-income single persons.

Homeownership Assistance Program

The Homeownership Assistance Program provides up to 49% of the purchase price of the dwelling unit to an eligible household provided that the Department of Housing and Community Development's assistance is not used to reduce downpayment costs below 3%. The balance of financing for the purchase would come from private or other public lending institutions. Under this program, HCD may assist (1) renters to purchase their units who otherwise would be displaced by condominium or stock cooperative conversions; (2) mobile home park residents to purchase their spaces if the park is to be converted to a condominium or stock cooperative; (3) households to purchase mobile homes placed on permanent foundations; and, (4) stock cooperatives or nonprofit corporations to develop or purchase mobile home parks.

Housing Assistance Program

The Housing Assistance Program provides technical assistance and rental subsidies utilizing Federal housing assistance payments to developmentally disabled, mentally disordered, and physically disabled adults, and to low-income persons and families in rural areas. The Housing Assistance Program for the Disabled, administered through local housing authorities, provides 2,500 units of existing Section 8 housing for the disabled. The Housing Assistance Program, administered by the Department of Housing and Community Development, provides over 390 units of existing Section 8 housing for low-income persons and families.

Farmworker Housing Grant Fund

The Farmworker Housing Grant Fund provides up to 50% matching grants to local governmental agencies, nonprofit organizations, and cooperative housing corporations for the purpose of developing new or rehabilitated housing for low-income agricultural employees. Funding priority is given to projects which are designed for ownership of agricultural employees.

Migrant Services Program

The Migrant Services Program assists in providing seasonal farmworkers with temporary housing and related services. Approximately 1,800 units are available from Bakersfield to the Oregon border.

Rural Redevelopment Loan Fund and Urban Development Loan Fund

The Rural Redevelopment Loan Fund and Urban Development Loan Fund provides loans to local governmental agencies, nonprofit organizations, and cooperative housing corporations for the preliminary costs of developing assisted housing for low-income families and elderly or handicapped persons in rural and urban areas of the State. Authorized costs include site acquisition and preparation; architectural, engineering, legal, permit, and applications fees; and bonding expenses. Loans are not available for construction financing or administrative costs.

PRIVATE SECTOR GRANTS-IN-AID

Along with the varied Federal and State sources, there are certain private sector lenders that grant monies. Funds are available to local government and nonprofit organizations. Request for proposals are sought by the lender. Grant amounts differ from lender to lender and may be used in conjunction with a Federal or State program. This is one example of private lender commitment to the Community Reinvestment Act.

PUBLIC SECTOR - Housing Authority

Another partnership role that Merced County will become involved in is providing assistance to the Housing Authority of Merced County in the implementation of public housing programs in the unincorporated territory. The Housing Authority provides lower income residents with affordable rental housing, utilizing both Federal and State programs.

Areas of assistance Merced County will pursue on an ongoing basis are:

1. Supporting the Housing Authority in efforts to receive a greater number of Section 8 existing unit allocations from the U.S. Department of Housing and Urban Development for use in the unincorporated territory. (The Section 8 Program provides lower income families with rent payment assistance in existing and available rental units. The program is administered through the Housing Authority and basically subsidizes the difference between the fair market rent for the unit and the maximum amount of rent the family can afford to pay. Scattered locations are preferred as opposed to concentrations of units in any one area or building.)

Merced County will support Housing Authority efforts by the following actions:

- a. Continue to request higher numbers of Section 8 existing allocations for Merced County in the County's Housing Assistance Plan submitted to the U.S. Department of Housing and Urban Development.

Responsible Agency: Board of Supervisors

TABLE V - FUNDING SOURCES FOR PROGRAMS

	Administration & Staff Support	Rehabilitation Loans	Direct Purchase Loans	Rehabilitation Grants	New Construction	Relocation Assistance (3)	Refinancing Capability	Multifamily Rehabilitation/ Construction Loans	Relocation Funding	Technical Assistance & Training (Staff & Public)	Infrastructure Improvements
Community Development Block Grants	x	x		x		x	x	x	x	x	x
HUD-312 Direct Loans	x	x		x		x	x	x	x	x	
FmHA 502, 504, 515											
Rural Development Administration	x	x	x	x	x	x		x		x	x
HUD Section 202, 106(b)		x			x			x			x
HUD Section 221 (d) (3) (4)		x			x			x			
CHFA Bond Issues	x		x		x			x			
Marks-Foran, SB 99		x		x	x		x	x			
California Housing Advisory Service	x					x				x	
Deferred Payment Rehabilitation Loans		x									
Merced County Recycled CDBG Loan Funds	x	x		x		x		x	x	x	x
Income from CDBG Lump Sum Drawdown	x	x		x		x		x	x	x	x
Direct Grants-In-Aid (1)	x			x					x	x	
FHA Title 1		x						x			
FHA	x									x	
Merced County General Fund (2)	x					x				x	

- (1) Private sector tax-exempt funds programmed into community investment activities.
- (2) Use of General Fund is anticipated to be nonexistent after initial 'gearing-up' activity.
- (3) Those programs offering technical assistance without actual funding capabilities.

- b. Work with owners of multi-family or residential conversions or rehabilitation projects to suggest Section 8 existing agreements with the Housing Authority as a positive action.

Responsible Agency: Public Services Division

- c. Distribute information regarding Section 8 program as a part of the housing information referral process.

Responsible Agency: County Housing Authority

- 2. Supporting the Housing Authority to construct more public housing in communities where there is a need for more rental housing and where such projects are desirable.

Merced County will participate with the Housing Authority by the following actions:

- a. Support efforts to place Article XXXIV Referendum questions on local ballots to increase the authorized number of public housing units within urbanized communities.

Responsible Agency: Board of Supervisors

- b. Assist the Housing Authority in publicizing the need and process to authorize and build more public housing.

Responsible Agency: Public Services Division

- c. Where practical, involve established municipal advisory councils or community advisory councils in site selection processes for public housing.

Responsible Agency: Planning Department

B. REHABILITATION AND REVITALIZATION

Several opportunities are available to the private sector and local government for rehabilitation and revitalization activities. As with other housing programs, resources are scarce and highly competitive, but funding agencies often limit the boundaries of programs so that resources are concentrated in specific neighborhoods. This portion of the Housing Action Plan must be well supported by the residents of the neighborhoods selected for rehabilitation and a financial commitment made by those residents, as well as, by the private sector involved in long-term revitalization or redevelopment. Major factors in a successful program are: (1) targeting of Federal, State, or local financial assistance to promote revitalization; (2) offering affordable terms and conditions to encourage existing residents to remain and reinvest; and, (3) attracting new owners and investors to the neighborhood.

The Housing Rehabilitation Section of the Public Works Department bases its activities upon seven goals. The following goals are included in the Action Plan to reinforce the priorities of the County's rehabilitation and revitalization efforts:

- 1) To upgrade all housing stock within those rehabilitation target areas to minimum health and safety standards, giving priority for assistance to low- and moderate-income, elderly or handicapped, owner occupant families.
- 2) To develop and maintain coordination and cooperation between all public agencies within the community to more effectively address housing assistance needs of low- and moderate-income, elderly or handicapped, households.
- 3) To arrest both inner-city and neighborhood deterioration by means of:
 - a. Rehabilitation of residential dwellings and commercial property, utilizing existing financing programs, as well as, developing state-of-the art financing and underwriting techniques.
 - b. Develop a positive working relationship with private sector groups and businesses which share an interest in restoration of communities.
- 4) To integrate sensible and cost-effective energy conservation methods in housing rehabilitation efforts.
- 5) To develop a preventative and corrective maintenance program available to residents to identify contributory factors associated with neighborhood blight and deterioration.
- 6) To increase the effectiveness of residential rehabilitation through the Department of Housing and Urban Development and State of California direct-funded programs.
- 7) To develop, implement, and maintain effective outreach program to assist rehabilitation target area residents in carrying out post-rehabilitation corrective and preventative maintenance activities.

In most rehabilitation or revitalization projects, on-site and structural improvements are reinforced by off-site or public facility improvements such as water, sewer, street, curb and gutter, or drainage. Public facility improvements are more closely aligned with the third element of the Action Plan which increases the ability of urban communities to accept new housing. However, in the most successful projects, both on-site and off-site improvements work together to upgrade the neighborhood.

Rehabilitation and revitalization efforts in urban communities can be either planned or implemented by (1) private sector, (2) public agency, or (3) a cooperative program taking essential elements from both private and public sector. Descriptions of programs to be carried out in the Housing Action Plan are divided between direct and indirect County implementation and assistance provided to private sector or nonprofit organizations to rehabilitate and revitalize neighborhoods.

DIRECT COUNTY IMPLEMENTATION

Merced County has developed and successfully implemented a housing rehabilitation program utilizing Community Development Block Grant funds provided through the State Department of Housing and Community Development (HCD). Merced County is a nonmetropolitan area and each year must compete against other nonmetropolitan communities for Block Grant funds although the 1985 Special Census may reveal that the County's population has increased to the point where the county is eligible for entitlement funds.

To the maximum extent feasible, Block Grant funds are combined with financing programs of local lending institutions to enlarge the total dollar amount of funds available for housing rehabilitation. Housing rehabilitation is generally carried out in target areas designated by the Board of Supervisors. Within these target areas and neighborhoods, low- and moderate-income families owning and occupying homes are provided with low interest loans, deferred loans, and grants to bring the home up to minimum health, safety, and building standards. Meeting the rehabilitation needs of low- and moderate-income owner-occupant families is the highest priority in the County's housing rehabilitation program. Rehabilitation of investor-owner single-family and multi-family units have a lower priority and assistance is provided on a time available basis after the owner-occupant's needs for rehabilitation have been addressed. Merced County has pursued a voluntary housing rehabilitation program within target areas and does not foresee changing this approach except in special circumstances relating directly to redevelopment activities.

With the adoption and State review of the revised General Plan Housing Element, State financing opportunities for housing rehabilitation will continue to be available to complement existing federally-funded rehabilitation programs in the County. Currently, those State programs are:

Deferred Payment Rehabilitation Loan Fund Program

The Deferred Payment Rehabilitation Loan Fund provides deferred payment loans to local governmental agencies, nonprofit corporations, and recognized Indian tribes or rancherias that are operating housing rehabilitation programs for low- and moderate-income California residents. There are three divisions in the program: (a) residential hotel; (b) multi-family; and, (c) single family.

Demonstration Housing Rehabilitation Program for the Elderly and Handicapped

The Demonstration Housing Rehabilitation Program will provide deferred payment loans for the acquisition and rehabilitation of rental housing for the elderly or handicapped of low- and very low-incomes.

PRIORITY SETTING

Direct implementation by the County requires priority setting and selection of projects that will have a maximum impact on meeting the needs of families that need affordable housing. Limited financial resources and conservative staffing levels require priority setting to carry out the projects.

Priorities established by the Board of Supervisors for the HCD Community Development Block Grant Program are based on maximum need and benefit among competing unincorporated communities. Because of the highly competitive nature of the Block Grant program at the State level where the County must compete with other nonmetropolitan counties for limited resources, Merced County's selection process of target areas for rehabilitation is crucial to continued funding. The County's selection process occurs once per year and timing is established to coincide with the submission of an application to HCD for Block Grant funding. The priority setting generally conforms to the following process.

1. Request for proposals are sent to local citizen groups, special districts providing public services in unincorporated communities, nonprofit groups assisting low- and moderate-income or minority populations, and other interested persons. Request for proposals outlines the purpose and eligible activities of the CDBG program and indicate funding levels, as well as, when proposals are due. Citizen meetings are required before proposals are returned to the County to ensure adequate opportunities for interested persons to participate in preparing the proposal. County staff will provide technical assistance in preparing proposals to the extent time and resources allow.
2. County staff will review, clarify, and analyze proposals submitted for conformance with County, State, and Federal requirements for Block Grant-funded projects. Analysis of each proposed project will be prepared for Board of Supervisors review and priority setting. At least one public meeting is scheduled to review and select projects.
3. Board of Supervisors conducts a public hearing to select a priority project for submission to HCD.
4. Upon successful competition and selection by HCD, County staff will prepare to implement the project.

Responsible Agency: Department of Public Works, Public Services Division

Financing: Staff time for processing assistance; CDBG for projects

Objectives: Select priority projects based on maximum need and benefit

Time Frame: Annually for CDBG

PRIVATE OR NONPROFIT PROGRAM

Additional projects which may be financed by State funds also require priority setting because of limited funds and the potentially high competitive nature of projects. Because of the unique opportunity that State funding represents to further develop a partnership between the public sector and private sector to deliver affordable housing, the seven goals from the Housing Rehabilitation Division will guide County activities.

The process to select one or two priority projects per year will focus on request for proposals from nonprofit organizations, public agencies, and private individuals wishing to rehabilitate single family, multi-family, or residential conversion structures in concentrated target areas meeting the low- and moderate-income housing needs. Proposals would be evaluated and priority proposals would be selected by the Board of Supervisors using the following criteria:

1. Appropriateness of proposal in meeting the stated annual goals for rehabilitated housing in the Action Plan of the Housing Element.
2. Location of the proposed project in relation to concentrations of low- and moderate-income families within and among urbanized communities. Also location of projects to avoid overconcentrations of tenure, type, and price in any one particular community. Extra consideration will be given to those projects which provide affordable housing opportunities outside of communities that have concentrations of low-income families and minorities.
3. Value of the proposed development in restoring deteriorated neighborhoods, revitalizing economy of community, promoting better utilization of land and public services within the specific urban development planning area.
4. A positive market analysis which verifies a need and high degree of probability that the development will be quickly built and sold.
5. The recipient community of the proposed project is generally in favor of the project from a service delivery, local determination of housing needs, and aesthetic standpoint.
6. Suitability of increasing densities in urbanized communities.

Upon selection of the best proposal, Merced County staff would work with the group or person to prepare the necessary documentation to submit applications and meet all processing requirements of the funding agency.

Responsible Agency: Department of Public Works, Public Services Division

Financing: Staff time for application assistance

Objectives: Select best projects for funding applications

Time Frame: Continuous as funding sources are available

INDIRECT COUNTY IMPLEMENTATION

Private Assistance

Similar to new housing projects, Merced County recognizes the need for a partnership with the private sector, individuals, and other public agencies. This part of the Housing Action Plan relies heavily on technical assistance to provide help with direct Federal, State, and private funding agencies, as well as, staff assistance to public agencies developing targeted rehabilitation programs.

Generally, indirect County implementation will be on a time available basis, given the extent of direct involvement planned. There are two basic areas of assistance offered where noncompetitive housing funds are available:

1. Low- and moderate-income families residing outside designated housing rehabilitation target areas which require assistance in preparing U.S. Department of Agriculture Farmer's Home Administration applications for rehabilitation funding of single family structures.

2. Reviewing financing alternatives for rehabilitation or revitalization activities with individuals or groups not eligible for, or participating in, Federal or State programs.

Responsible Agency: Department of Public Works, Public Services Division

Financing: Staff time

Objectives: Assist applicants for low-income rehabilitation funding

Time Frame: Continuous (as time permits)

Enforcement of State Housing Laws

Under the provisions of the California Health and Safety Code, the County Health Department is responsible for enforcement of the State Housing Law. The Division of Environmental Health receives a large number of citizen complaints alleging substandard housing conditions. Staff will evaluate the housing quality and serve notice to the owner if abatement or correction is necessary. It is through such inspection by the Environmental Health Division that much of the housing rehabilitation conducted by the private sector is initiated.

Because of their working knowledge of housing conditions throughout the county, Environmental Health staff are of the opinion that the totals for substandard and overcrowded units presented in Tables E and G of Chapter II are underestimated. While more current data is not available, future updating of the Housing Quality Survey and improved rehabilitation recordkeeping are high priorities recommended. (See Section E of this Chapter.)

Responsible Agency: Health Department, Division of Environmental Health

Financing: Staff time

Objective: Inspect county housing conditions in conformance with State Housing Laws.

Time Frame: Continuous

C. INFRASTRUCTURE DEVELOPMENT

The ability of Merced County to meet its numerical housing goals depends largely on the capacity of urbanized communities to accept new and redevelopment housing. Capacity depends on availability of water, sewer, drainage, and other essential services. Information on capacity levels for the 10 main unincorporated communities is presented in Chapter V. In most urbanized communities, public infrastructure services are provided by special districts or private public utility companies. Merced County can provide limited assistance to these communities through special districts to make infrastructure improvements, however, primary responsibility for upgrading systems remains with the special districts. Unfortunately, most urbanized communities lack the economic base and generally their populations have low median incomes to afford major improvements to their infrastructure without substantial Federal or State grants or loans.

New housing developers, or in some cases, redevelopment activities are required to bring infrastructure facilities up to standard before housing can be constructed. The cost of housing is escalated by the additional cost of major public infrastructure improvements, often placing the cost of housing above low- and moderate-income limits.

As in the design of the new housing delivery partnership, a partnership between the county and special districts serving urbanized communities must be developed and encouraged to assist in producing affordable housing through providing adequate infrastructure facilities. Also similar is the need to set priorities, identify the best opportunities, and make commitment to action. Several direct and indirect avenues are available to Merced County to implement this partnership. These include the use of special assessment financing techniques as well as other funding programs.

DIRECT COUNTY IMPLEMENTATION

Merced County has developed a positive and cooperative relationship with special districts in the pursuit of infrastructure improvements, particularly where Merced County must apply for Federal, State, or nonprofit foundation funds on behalf of urbanized communities. In other circumstances, Merced County has taken the lead agency role in the improvement district formation process to provide primarily road- or drainage-related improvements. In the past several years, the U.S. Department of Housing and Urban Development community Development Block Grant Program and the U.S. Department of Commerce Economic Development Administration have provided opportunities to upgrade infrastructure facilities in urbanized communities. However, with limited financial and human resources, as well as, substantial infrastructure needs and limitations in urban communities, priorities must be established and the best opportunities for providing assistance pursued.

Direct implementation by Merced County to participate with special districts to improve infrastructure rests on five basic elements:

1. Competition among urbanized communities to propose the best infrastructure improvement project meeting the tests of impact on providing capacity to develop affordable housing and benefit to low- and moderate-income families.
2. Ability of the urban community to financially participate in the development of infrastructure.
3. Commitment for new housing, redevelopment, or rehabilitation housing in the urbanized community.
4. Availability of Federal, State, or other funds to undertake the project.
5. Suitability for increasing densities within urban communities.

ESTABLISHING PRIORITIES AND CRITERIA

Because of limited funding potential and deadlines for submission of funding applications to Federal and State agencies, the Board of Supervisors must establish priorities for projects in which the County will be directly involved. Depending on funding cycles of both Federal and State agencies, the Board of Supervisors will request proposals for projects from special districts. In most cases, only one or two proposals will be selected each year for submission to funding agencies. In almost all cases, the County is limited in the number and times during the year that funding proposals may be submitted.

The criteria the Board of Supervisors will use in selecting priorities for funding are a combination of funding agency requirements and other factors which affect priority setting in Merced County. Generally, the criteria for selecting priority projects are:

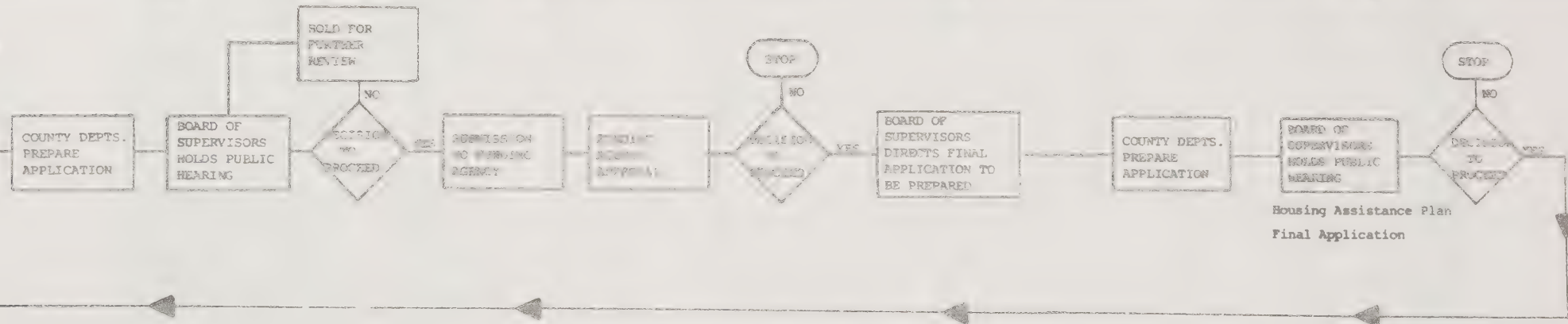
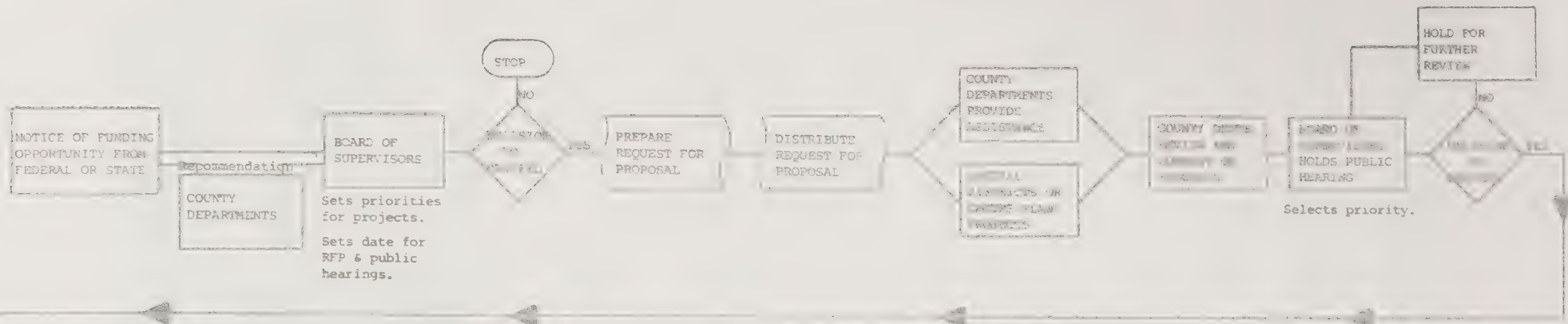
1. The degree and nature of infrastructure deficiencies as it affects the health and safety of existing and future residents in the community.
2. Comparative level of direct benefit to low- and moderate-income and minority families of the service area for the proposed improvements.
3. Positive impact on existing and/or future housing as a result of improvements.
4. Level of funding commitment from another Federal or State agency.
 - a. Need for matching funds which are not available in the community.
 - b. Lack of any other assistance to undertake the improvements.
5. Ability of the special district to plan and implement the project in an expeditious fashion.
6. Absence of negative environmental impacts which cannot be easily and cost-effectively mitigated.
7. Level and nature of a firm financial commitment from developers or builders to provide affordable housing should the project be undertaken.
8. Affirmative support from the residents of the community to proceed with the project.

THE SELECTION PROCESS

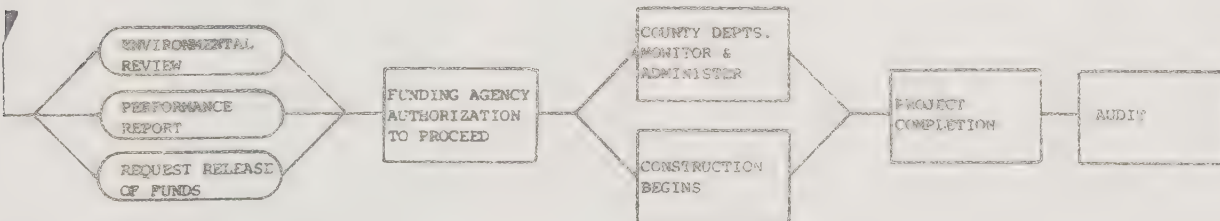
The selection process will be initiated by the Board of Supervisors and, in general, carried out through the following process (Refer also to Flow Chart 1):

1. Request for proposals are sent to local citizen groups, special districts providing public services in unincorporated communities, nonprofit groups representing low- and moderate-income or minority populations, and other interested persons. Request for proposals outline the purpose and eligible activities of the Federal or State funding program and indicate funding levels, as well as, when proposals are due. Citizen meetings are required before proposals are returned to the County to ensure adequate opportunities for interested persons to participate in preparing the proposal. County staff will provide technical assistance in preparing proposals to the extent time and resources allow.
2. County staff will review, clarify, and analyze proposals submitted for conformance with County, State, and Federal requirements for funding. Analysis of each proposed project will be prepared for Board of Supervisor review and priority setting.

FLOW CHART 1



INFRASTRUCTURE IMPROVEMENTS



3. Board of Supervisors selects a priority project for submission to Federal or State funding agency.
4. Upon approval for funding by Federal or State agency, County staff will prepare a final application and associated documents for submission.

It is possible that special districts and new housing providers may wish to combine a single comprehensive proposal addressing both infrastructure and new housing programs. This approach is encouraged when the proposal meets the criteria of both new housing and infrastructure programs.

Infrastructure Improvement Program

The ability to accommodate new housing rests on the capacity of infrastructure - especially sewer and water systems. A detailed listing of infrastructure capacity by unincorporated community was presented in Chapter V. The most critical shortfall in most communities is inadequate water pressure for fire flow protection and occasionally for household use. Infrastructure improvements in the following communities will be vital in meeting the five year housing need projection identified in Chapter III and should be considered for future Community Development Block Grant funding.

Le Grand - Excess sewer and water capacities exist for the projected low growth. But improvement are necessary for the aging delivery systems to avoid the impact on housing costs if developers are forced to provide new wells.

Midway/South Dos Palos - Both communities receive water from the City of Dos Palos, but the water lines are of insufficient diameter for adequate flow during the high use summer months, and low water quality is also a problem. Funding is being sought for a new well.

Planada - A new well and water storage facility will be required for Planada to secure adequate fire flow pressure for the 182 unit projected five year need. Without system improvements, developers of subdivisions and multiple family projects will have to provide alternate fire protection systems or pay for improvements which add to the cost of housing.

Santa Nella - Undersized water lines result in inadequate fire flow pressure. Funding is being sought from local developers for a proposed 150,000 gallon storage tank and other water line improvements designed to provide adequate pressure. The Water District is selling bonds to purchase land for a new water plant and new pumps.

Winton - New 8" water mains will have to replace older 6" mains which reduce water pressure below fire flow requirements and often below normal household needs. Improvements to the water system are more essential for future rental and multiple family projects which require twice the pressure of single family development (2,000 gallons per minute). Again, the alternative is costly improvements paid for by the developer which result in higher housing costs.

Responsible Agency: Department of Public Works, Public Services Division.
Funding: CDBG, FmHA, Clean Water Grant Program or other available sources.
Objective: Action Plan criteria for serving the greatest need with limited funds.

Time Frame: Continuous

INDIRECT COUNTY IMPLEMENTATION

Merced County does not provide basic infrastructure services, and in most cases, cannot implement infrastructure improvements. The special district which has been legally formed to provide services within urban communities must make application to Federal or State agencies for funds to upgrade or enlarge public facility infrastructure.

However, there are some circumstances where Merced County can provide technical assistance in preparing applications for funding and influencing priority setting at the Federal and State level. Where technical assistance is desired, a special district may petition the Board of Supervisors for assistance from the Public Works Department on a time available basis.

Another avenue where development of infrastructure takes place is through the ability of the County to form improvement districts under the Municipal Improvement Act and other improvement acts found in the Streets and Highways Code. Merced County may choose to act as the lead agency as a last resort in cases where special districts fail or refuse to act. Infrastructure improvements undertaken in this manner are limited to street- or drainage-related projects. Merced County would not have authority to undertake work on sewer or water systems which are owned and maintained by special districts or public utilities.

Merced County may consider the role of lead agency for the implementation of improvement districts to provide for construction of residential infrastructure, including sewer, water, streets, drainage, and other improvements required for residential subdivision development. Only upon satisfying the following prerequisites will such consideration be given:

1. A nonprofit organization whose primary function is to construct affordable housing has proposed such a financing method for infrastructure improvements.
2. There exists no other method to finance improvements at reasonable cost and time frame.
3. The proposed improvements are cost effective in comparison to normal development practices and will result in a savings to future occupants of the development over conventional methods of financing improvements.
4. A positive market analysis has been performed that demonstrates that the development will provide affordable housing and can be easily constructed and marketed.
5. General agreement of the community that the proposed project is needed and properly sited.
6. There are no adverse environmental impacts which cannot be easily and cost-effectively mitigated.

Responsible Agency: Department of Public Works

Financing: Improvement districts

Objective: Adequate infrastructure to meet housing needs

Time Frame: Make available when circumstances warrant district formation

D. HOUSING RESOURCE AND COUNSELING

Merced County's Housing Strategy not only must be concerned with new housing production and rehabilitation of existing housing, but also with human factors relating to finding and keeping safe, sanitary, and affordable housing. Along with assistance to potential and existing occupants of housing, there must also be an element in the Strategy to offer assistance to providers of housing. Housing providers need positive concepts in affordable housing, and funding opportunities that can be pursued in an identifiable place of beginning with people willing to listen.

There are requirements for equal opportunity and fair housing associated with accepting Federal and State funds for housing and community development. This part of the Housing Strategy is designed to meet those requirements to the extent that resources permit. Throughout the description of housing programs to construct new units, rehabilitate older units, and provide adequate infrastructure, decision-making takes into consideration housing opportunity and choice of housing type and tenure for low- and moderate-income, as well as, minority persons. Beyond providing increased numbers of housing opportunities is the need to assist those persons who feel they have been discriminated against while trying to find adequate housing. Equal opportunity must likewise address the involvement of small and minority businesses in the housing delivery process.

The concept of a partnership is key to the resource and counseling section of the Action Plan. As in the actual delivery programs with new and rehabilitated housing, cooperation between public agencies and the private sector share skills to provide adequate housing. Merced County recognizes that with its limited resources, it cannot, and should not, institute programs which can be better developed and administered by other public agencies. Other organizations already exist, and with more direct participation by the County, greater effectiveness can be achieved. However, there remain other areas where the County must develop and administer programs to directly serve its constituency in the unincorporated territory.

RESOURCE AND COUNSELING PROGRAMS

There are four basic areas in which housing resource and counseling can be developed and implemented:

1. Homeowner Preventative Maintenance and Rehabilitation Counseling and Resource Development
2. Equal Opportunity and Fair Housing
3. Opportunity Counseling for Persons and Organizations Regarding Available Assisted Housing Programs
4. Centralized Referral and Resource Counseling for County Housing Action Plan Programs

Homeowner Preventative Maintenance and Rehabilitation Counseling

As new housing costs and mortgage rates continue to escalate along with the cost of public services such as water, sewer, transportation, and public safety, many families are looking toward remaining in housing they currently own or rent. In many of the County's urbanized communities, older neighborhoods show signs of blight and deterioration. Many families consider reinvesting in their existing homes through rehabilitation without subsidies being available to them. Often blighting influences can be diminished, or at least contained, by early efforts at preventative maintenance and later with minor rehabilitation. Certainly not everyone in older neighborhoods has the skills or knowledge to undertake preventative maintenance or even see signs where maintenance should be performed to avoid future expensive repairs. There are others who do have limited skills, but need guidance on state-of-the-art rehabilitation techniques.

Toward the end of reaching families in older neighborhoods, several conservation programs are available from the Community Action Agency to assist in maintenance and weatherization activities:

Rehabilitation (Home Repairs)-

Responsible Agency: Community Action Agency

Financing: Federal

Objective: Home repairs (Handy Helper) for residents 55 years and older, low income and handicapped

Time Frame: Ongoing (while funding authorized)

Conservation (Weatherization)-

Responsible Agency: Community Action Agency

Financing: Federal, state, and utility companies

Objective: Weatherization for low-income households

Time Frame: Ongoing (while funding authorized)

Equal Opportunity and Fair Housing

State law, State housing element guidelines, and Federal regulations for receiving grants and loans require the County to plan for, and take affirmative action to prevent discrimination in housing and provide opportunities for a choice of housing by type and tenure outside of areas where undue concentrations of lower income or minority families exist. Additionally, in Federal requirements, there is the provision that the County should take steps to assure that small and minority businesses have an opportunity to participate in projects utilizing Federal funds.

The problem of discrimination in housing transcends political boundaries between county and cities, and similarly efforts to resolve discrimination claims or issues cross boundaries between the public and private sectors. Just as in the housing market place, no one participant in that market place can have a substantial effect without the support and cooperation of other participants; addressing discrimination issues must be a joint effort. In contrast to metropolitan areas of the State, rural areas have differing degrees of problems and developing solutions to those problems differ in degree of complexity.

Merced County is a member of the Merced County Community Housing Resource Board (MCCHRB) which was organized by the U.S. Department of Housing and Urban Development to assist in implementing an affirmative fair housing marketing agreement between HUD and local realtors. A major function of this Board is to monitor and, to the extent feasible, attempt to resolve unfair practices in home purchases or the rental market. Members of the MCCHRB are: Merced County Board of Supervisors, Merced City Council, National Association for the Advancement of Colored Persons (NAACP), Merced County Community Action Agency, Castle Air Force Base Housing Referral Office, Mexican-American Chamber of Commerce, Housing Authority of Merced County, and Merced County Board of Realtors. The MCCHRB meets with the Merced County Board of Realtors to assess progress in meeting the intent of the agreement that low- and moderate-income persons are informed of all homes listed for sale or rent by realtors; services offered by realtors in selecting a home for purchase or rent; and the availability of these homes and services to all buyers without regard to race, color, religion, sex, or national origin. The MCCHRB will also accept complaints from persons or groups who claim they have been discriminated against and work with those persons or groups to resolve the issue through the County Board of Realtors or local government agency involved. If that avenue is not appropriate, those persons or groups are referred to an agency which can provide assistance. The MCCHRB has published a pamphlet describing its functions and has established liaison with the State Fair Employment Practices Division to provide assistance in handling complaints.

Merced County will continue to be a member of the MCCHRB and support them in their efforts to inform lower income or minority persons about equal opportunity and fair housing laws, as well as, avenues to resolve discrimination claims.

Most Federal and State funding sources require affirmative action by the County to involve small businesses and minority contractors in projects utilizing Federal or State funds. Merced County's efforts are directed at ensuring small businesses and minority contractors are advised of possible projects and when requests for proposals are available. When information briefings or training sessions are given, the special needs of small businesses and minority contractors are given extra consideration. Additionally, the State Department of Housing and Community Development acts as a clearinghouse for minority contractors and provides information regarding housing program opportunities.

Responsible Agency: All County and State agencies on a continuous basis

Opportunity Counseling for Persons and Organizations

Merced County's Housing Action Plan addresses assisted housing projects, but there will be other persons or organizations that specific projects will not be able to reach. In some circumstances, persons or organizations may wish to pursue housing construction techniques or financing options independently of the County's targeted programs. Merced County encourages such "bootstrap" endeavors and offers to provide limited technical assistance to ensure that low- and moderate-income households have access to those innovative programs or below market interest rate mortgages that are available.

Merced County will keep on hand literature and other information regarding alternative programs. Where assistance is required to complete forms or applications for Federal and State mortgage financing, assistance will be limited to procedural processes, and not include design, engineering, financial analysis, construction, or feasibility counseling.

Responsible Agency: Department of Public Works, Public Services Division on a continuous basis

One source of information on agencies providing assistance for housing aid and other services is the "Community Services Directory" published by the County Department of Human Resources. This Directory offers information and referral resources on agencies, organizations, and governmental entities for anyone seeking assistance in meeting economic, health, or social needs.

Centralized Referral And Resource Counseling for Action Plan Programs

A major component to the County's Housing Element is the targeted assistance of low- and moderate-income families through new housing and rehabilitation activities. A fundamental ingredient in this process is a highly visible flow of information regarding opportunities to participate in programs through the request for proposal procedure. The Public Services Division of the Public Works Department acts as a starting point for those seeking information on affordable housing opportunities. Two basic functions of the Public Services Division are coordination of request for proposals and provision of housing program information services.

In the housing programs, the procedure for selecting the best project requires a request for proposal process and evaluation by County departments before Board of Supervisor consideration. Timing and information about the programs for which persons, groups, or public agencies will be competing for Board of Supervisor approval must be coordinated and advertised to have maximum impact. Public Services administers the request for proposal process at the present time.

Public Services also provides information on available housing programs and opportunities for the unincorporated territory. This Division receives new or updated information on Federal, State, and local programs that offer housing assistance. It regularly receives information regarding request for proposals and other projects and programs taking place. The Planning Department and the Building Division of the Public Works Department are the sources of information on construction techniques and requirements for affordable and market-rate housing providers. The Building Division also provides information on rehabilitation projects.

Responsible Agency: Department of Public Works, Public Services and Building Division, and Planning Department

Financing: Staff time

Objective: Provide information on housing programs and funding

Time Frame: Continuous

E. HOUSING INCENTIVES, REGULATORY REFORMS, AND COUNTY PROGRAMS

As highlighted in the Governmental Constraints portion of Chapter V, there are various requirements that add to the cost of housing and result in delays in new construction and rehabilitation. Progress has been made in reducing the impact of many governmental requirements since adoption of the original housing Element in 1981, and there are other programs that can be implemented which will further increase housing affordability. Several suggestions for new programs or revisions to existing ordinances and plans are included here with a time frame for implementation and the agency responsible.

Actions Taken Since Adoption of the 1981-85 Housing Element

The following ordinance amendments and new ordinances have been adopted since 1981 which helped reduce development costs or modify density controls. The Planning Department will continue to inform developers over their availability.

1. Mobile homes on permanent foundations were allowed on A-R (Agricultural-Residential) zoned lots (they were already permitted in single family zones);
2. A C-T (Commercial-Transition) zone was created which allowed formerly nonconforming housing to be enlarged or replaced in commercial areas;
3. The R-1-5000 (One Family Residence) zone was created to reduce housing costs by decreasing lot sizes and setbacks for single family homes;
4. The PUD (Planned Unit Development) Ordinance was adopted allowing design flexibility and a 10% density bonus for provision of 10% of units for low income residents;
5. Amendment to the Zoning Ordinance allowing second "Granny" units in single family zones for senior's housing; and
6. Allowance for two units on corner lots in R-1 (One Family Residence) zones when certain design criteria are met.

Responsible Agency: Planning Department

Financing: Staff time

Objective: Notify housing providers of available ordinance provisions

Time Frame: Continuous

Infill Study and Zoning Ordinance Amendment

Infill development is usually much cheaper and faster than fringe development because it utilizes existing public infrastructure. But strict adherence to the Zoning Ordinance often does not permit efficient use of infill sites. As part of the implementation of this Element, the Planning Department will undertake a study to allow more flexibility on these lots - including variations in density, lot shape, setbacks, road widths, and other relevant factors.

Responsible Agency: Planning Department

Financing: Staff time

Objective: Incentives for infill development

Time Frame: 1985

Subdivision Ordinance Revisions

Presently proposed revisions to the Subdivision Ordinance could reduce processing time by at least three weeks. Except for appeals, additional levels of review would be removed for minor subdivisions, which would become administrative matters heard by the Planning Director, and tentative subdivision maps reviewed by the Planning Commission. Another aspect of the revision focuses on solar orientation for energy conservation.

Responsible Agency: Planning Department
Financing: Staff time
Objective: Reduce processing time and housing costs
Time Frame: Adoption - Late 1984, Early 1985

Building Code Application to Rehabilitation

Because housing rehabilitation work must meet State Building Code requirements, the costs of rehabilitation has been prohibitive for many property owners. A new State Housing Rehabilitation Code could help reduce costs by removing requirements more relevant to new development. While the County lacks authority to develop a local rehabilitation code, Public Works Building Division will continue to provide input at the State level to reduce rehabilitation and retrofitting requirements, or encourage adoption of a separate code that will clarify the minimum requirements necessary for health and safety while avoiding unnecessary added expenses.

Responsible Agency: Department of Public Works, Building Division
Financing: Staff time
Objectives: Revise building codes to reduce rehabilitation costs
Time Frame: Continuous

R-3 Multiple-Family Zone Land Availability Study

The analysis of vacant residentially zoned land presented in Chapter V (Table R) reveals a shortage of land zoned for multiple family development in many communities. Because apartments are a primary means of housing low and moderate income families without public assistance, each community should provide a "fair share" of the regions rental housing needs. As part of the Housing Element Action Plan, a study will be prepared for the 10 unincorporated communities with public sewer service to determine whether additional R-3 zoning is necessary and where it should be located.

Responsible Agency: Planning Department in coordination with local Municipal Advisory Councils
Financing: Staff time
Objective: Provide region-wide rental housing opportunities
Time Frame: 1985-86

Update of Housing Quality Survey

The 1978 Housing Quality Survey was used as a data source in the 1981-85 Housing Element and again for this update. A new survey will be necessary before the next revision in 1990 in order to provide up-to-date information on the county's housing stock. The Housing Quality Survey is a time consuming

project requiring many hours of staff time in the field and office. Therefore, a clear mandate is expressed in this Action Plan that a new survey is a high priority in the county's housing program over the next five years.

Responsible Agency: Department of Public Works, Public Services
Financing: Staff time and any available State or Federal funding
Objective: Update data on existing housing stock
Time Frame: By 1988

Rehabilitation Recordkeeping

Accurate information on nonsubsidized rehabilitation of the county's housing stock is virtually impossible to obtain at present. Although not all rehabilitation work requires a building permit, most projects do. Some remodeling or housing additions that require permits may result in other rehabilitation work on the structure being completed to satisfy health and safety deficiencies. Rehabilitation may also occur as a result of inspections by the Environmental Health Division of the Health Department.

Rehabilitation data is used by the county to support housing assistance grant applications including the Community Development Block Grant application. It is necessary for updating the Housing Quality Survey and Housing Element of the General Plan. As partial implementation of the Housing Element, a program will be created to cross reference building permit applications for remodeling and additions, with the structures identified as substandard in the Housing Quality Survey. The Department of Public Works, Building Division and Public Services Division will coordinate with the Planning Department in identifying Assessor's parcel numbers of substandard units as building permit applications are filed. Similarly, the Environmental Health Division of the Health Department will participate by cross referencing properties they have inspected with the Housing Quality Survey list.

Responsible Agency: Department of Public Works, Building Division and Public Services Division, Health Department, Environmental Health Division, and Planning Department
Financing: Staff time
Objective: Develop ongoing rehabilitation recordkeeping system
Time Frame: 1985

VII. ENERGY CONSERVATION

As part of the effort to update the County's Housing Element, State law requires that the element include an "analysis of opportunities for energy conservation with respect to residential development." (Section 65583 (a) (7) of Article 10.6 of the Government Code.) Statewide revision of the Uniform Building Code in 1983 included a major emphasis on incorporating energy conserving design and construction techniques on all new residential structures. These Building Code requirements, while increasing housing costs at time of initial purchase, will reduce energy expenditures over the life of the dwelling tending to offset the initial impact.

For existing structures, various rebate and tax incentive programs encourage homeowners to install energy conserving devices. One program funded by Pacific Gas and Electric Company, the "Direct Weatherization Program" (Project Help), is being implemented by the Merced County Community Action Agency. This agency recently received a contract to weatherize 785 low-income homes in the county providing up to \$765 worth of insulation work and other energy conserving measures at no cost to the homeowner. To be eligible, homeowner income must be within 150 percent of the federal poverty income guidelines (or within 200 percent for senior citizens).

The building industry can provide additional energy reduction through use of passive solar orientation of housing units, selecting appropriate landscaping, and other measures that go beyond those required in the Building Codes.

Current county efforts to revise the subdivision ordinance include a new guideline that roads in proposed subdivisions should be oriented east-west so that structures will face north-south exposures. The Planned Unit Development (PUD) Ordinance also uses this guideline, but in addition, calls for the use of trees that provide 80% shade to structures in the summer and less than 50% in the winter. If a developer does not wish to follow these guidelines in either ordinance, he must prove that the alternative design chosen is more beneficial.

APPENDIX: A

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